Danvers Housing Authority

APPENDIX

HOTMA Section 102 and 104

Background

The Housing Opportunity Through Modernization Act (HOTMA) consists of 14 sections that affect Public Housing and Section 8 rental assistance programs.

Section 102 Section 104

In accordance with HUD mandatory regulations and optional guidance, the DHA is updating its policy documents for HOTMA by adding an appendix to its Administrative Plan or ACOP.

The appendix contains HOTMA policies that will apply to actions on or after January 1, 2027.

The DHA has informed all program participants that it will transition to HOTMA policies on January 1, 2027.
This appendix contains the policies relevant to Sections 102 and 104 of HOTMA.

Section 102

Interim Re-Certifications

All families are required to report any changes in family **unearned income** that will result in an increase of 10% or more in annual adjusted income.

Danvers Housing Authority will perform an interim reexamination when the family reports a change in
unearned income that will result in an increase of 10% or more in annual adjusted income.

Danvers Housing Authority will not consider any increase in **earned income** when estimating or calculating whether the family's adjusted income has increased at an interim.

No interim reexaminations will be conducted due to **increases** in unearned or earned income in the 3 months before the next regular annual examination.

Phased-in Relief

All families who received a deduction for unreimbursed health and medical care and/or reasonable attendant care or auxiliary apparatus expenses based on their most recent income examination prior to compliance date, will begin receiving the 24-month phased-in relief at their next annual or interim reexamination, whichever occurs first after the HOTMA compliance date of January 1, 2027.

Families who receive this phased-in relief will have eligible expenses deducted as follows:

- 1st twelve months– in excess of 5% of annual income.
- 2nd twelve months – in excess of 7.5% of annual income unless the household qualifies for a hardship exemption.
- After 24 months – in excess of 10% of annual income.

Once a family chooses to request and is granted General Relief, a family may no longer receive the phased-in relief and will go to the 10% threshold.

General Relief

A family may request a hardship exemption for health or medical care expenses, reasonable attendant care, or auxiliary apparatus expenses.

- The Family must notify theDHA in writing within (30) days, from the date the family experiences a change in circumstances that has resulted in the financial hardship.
- Eligibility: A family must demonstrate that their applicable expenses increased or they experienced a change in circumstances that resulted in a financial hardship, as defined below, which would not otherwise trigger an interim reexamination.
- A change in circumstances includes the need for new, qualifying, health/ medical, reasonable attendant care and auxiliary apparatus expenses or an increase in the cost of qualifying expenses so that qualifying expenses exceed 5% of the family's annual income.
- The exemption ends when the circumstances that made the family eligible for the exemption no longer apply or after 90 days, whichever comes earlier.
- If the family wishes to request a successive 90-day period for the exemption, they must notify the DHA in writing prior to the expiration of the current eligibility period and must demonstrate to the DHA why an additional period of exemption is warranted.

If DHA determines that the expense giving rise to the hardship exemption will not end within 90 days, DHA will grant three (3) 90-day extensions in advance.

DHA will not consider more than 12 months for this hardship exemption.

Verification Requirements:

A third-party written verification the family has experienced unanticipated expenses that have affected their ability to pay rent.

DHA may not request documentation beyond what is sufficient to determine anticipated health and medical care and/or reasonable attendant care and auxiliary apparatus costs or when a change in circumstances took place.

Attendant Care

DHA will accept written third-party documents provided by the family. If family-provided documents are not available, DHA will provide a third-party verification form directly to the care provider requesting the needed information.

Expenses for attendant care will be verified through:

- Written third-party documents provided by the family, such as receipts or canceled checks.
- Third-party verification form signed by the provider, if family-provided documents are not available.
- If third-party verification is not possible, DHA may consider an alternative certification as to costs anticipated to be incurred and the anticipated period.

Auxiliary apparatus expenses will be verified through:

- Written third-party documents provided by the family, such as billing statements for purchase of auxiliary apparatus, or other evidence of monthly payments or total payments that will be due for the apparatus during the period for which the hardship is requested.
- Third-party verification form signed by the provider, if family-provided documents are not available.
- If third-party or document review is not possible, DHA may consider an alternative certification of estimated apparatus costs for the period for which the hardship is requested.

In addition, DHA will verify that:
- The family member for whom the expense is incurred is a person with disabilities.
- The expense permits a family member, or members, to work.
- The expense is not reimbursed from another source.

Family member(s) permitted to work:
- DHA will verify that the expenses claimed enable a family member, including the person with disabilities, to work.
- DHA will request third-party verification from a rehabilitation agency or knowledgeable medical professional indicating that the person with disabilities requires attendant care or an auxiliary apparatus to be employed, or that the attendant care or auxiliary apparatus enables another family member, or members, to work.
- This documentation may be provided by the family. If third-party verification has been attempted and is either unavailable or proves unsuccessful, the family must certify that the disability assistance expense enables a family member, including the family member receiving the assistance, to work.

Unreimbursed Expenses:
- To be eligible, the costs must not be reimbursed by another source.
- The family is required to certify that attendant care or auxiliary apparatus expenses are not paid by or reimbursed to the family from any source.

<u>Hardship Exemption for Childcare</u>:
A family's whose eligibility for the child-care deduction is ending may receive a hardship exemption to continue a child-care expense in certain circumstances.
DHA will recalculate the family's adjusted income and continue the child-care deduction if the family demonstrates that the family is unable to pay their rent due to the loss of the child-care expense deduction and the child-care expense is necessary even though the family member is no longer working, looking for work, or furthering their education. The hardship and the resulting alternative adjust income calculation will remain in place for a period of up to 90 days.

It is the policy of the DHA to extend the childcare expense deduction for a year, until their next reexamination, if the family demonstrates that they are unable to pay their rent because of loss of the child care expenses deduction, and the child care expense is still necessary even though the family member is no longer employed, looking for work, or furthering his or her education.

DHA may terminate the hardship exemption if it is determined that the family no longer needs the exemption.

It is the Family responsibility to report if the circumstances that made the family eligible for the hardship exemption are no longer applicable. If the family reports the change in circumstances in a timely manner within 7 days, ***DHA*** will provide the family with 30 days advance notice of any rent increase, and such rent increase will be effective the first day of the month beginning after the end of that 30- day notice period. If the family does not report the change in a timely manner, the adjustment will be made retroactive to the date it would have been effective had the information been provided on a timely basis. The family will be responsible for any underpaid rent and may be offered a repayment agreement.

Hardship may include but not limited to the following situations:

Child Care Expenses

- A death has occurred in the family. In order to qualify under this provision, a family must describe how the death has created a need for continued child care expenses.
- A health/ medical issue in the family which has created the need for continued child care expenses. In order to qualify under this provision, a family must describe how the health or medical issues have created a need for continued child care expenses.

A family is considered to have a hardship when:

- The household's family share of total housing costs exceeds 35 percent of adjusted household income.
- Or when the family would be evicted because it is unable to pay the tenant portion of the rent.

Family Health and Medical Expenses and Reasonable Attendant Care and Auxiliary Apparatus Expenses

- A change in circumstances includes the need for new, qualifying, health/medical, reasonable attendant care and auxiliary apparatus expenses or an increase in the cost of qualifying expenses so that qualifying expenses exceed 5% of the family's annual income.
- For hardship conditions based on loss of income, the hardship condition will continue to be recognized until new sources of income are received that are at least equal to the amount lost.
- For hardship conditions based upon hardship-related expenses, the minimum rent exemption will continue to be recognized until the cumulative amount exempted is equal to the expense incurred.
- The family may receive a deduction of all eligible expenses exceeding 5% of their annual income.
- The exemption ends when the circumstances that made the family eligible for the exemption no longer apply or after 90 days, whichever comes earlier.

Authorization of Release of Information (HUD 9886-A):

Applicants and participants, including all adults (i.e., 18 years of age and older) in their

households, are required to sign the HUD 9886A Authorization for Release of Information form. All applicants must sign the consent at admission, and participants must sign the consent form annually. When a household member attains the age of 18, he/she will sign the form at the next annual rent examination.

The DHA will deny admission to the program if any member of the applicant family fails to sign and submit the consent forms for obtaining information.

The DHA has established a policy that, upon the family's written revocation of consent to allow the DHA to access records from financial institutions, the DHA will immediately move to deny admission or terminate the family from the program.

Safe Harbor Income:
The DHA has established a policy that we will not accept Safe Harbor income determination from other federal means-tested forms of assistance.

Passbook Rate:
HUD will annually publish a passbook rate. DHA must use the HUD-published passbook rate when calculating imputed assets income for net family assets that exceed $54,898 For 2027, the passbook rate will be 0.38 percent.

DHA will use the HUD-published passbook rate in effective on or after the compliance date.

Section 104

Asset Limitation for New Admission
DHA will deny admission of an applicant family for the following:

- Net family assets that exceed $109,797 (adjusted annually for inflation); and/or
- The family has a present ownership interest in, a legal right to reside in, and the effective legal authority to sell (based on laws of the state or locality in which the property is located), real property that is suitable for occupancy by the family as a residence. A location of 2 or more hours from work or school will be considered a viable reason not to reside in the property.

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References:
More information on HOTMA can be found by following the links below.

PIH Notice 2023-27 Implementation Guidance: Sections 102 and 104 of the Housing Opportunity Through Modernization Act of 2016 (HOTMA)
https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-27pihn.pdf

Exclusions, and Limitation on Assets Resource Sheet
https://files.hudexchange.info/resources/documents/Assets-Asset-Exclusions-and-Limitation-on-Assets-Resource-Sheet.pdf