

# HOTMA & You-- How It Affects Federal Public Housing & Section 8 Tenants

Presentation for Mass. Union of Public Housing Tenants  
(Webinar April 25, 2024 & Spring Conference May 19, 2024)  
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# What We Will Cover

- What is HOTMA? [Note, HUD uses PHA, EOHLC uses LHA.]
- How will this affect how your rent & income are calculated?
- Going through some HUD worksheets for a quick deeper dive.
- Can housing authorities make better/ or worse policy choices? How can tenants affect this? [See worksheets for examples.]
- General questions and answers.
- *Note—HOTMA does NOT affect State Public Housing or State Rental Assistance programs (MRVP, AHVP). Won't discuss over-income rule.*

# What Is HOTMA?

- HOTMA stands for the Housing Opportunities & Modernization Act.
- It was passed as bi-partisan legislation in 2016 and signed into law by President Obama.
- While HUD implemented some guidance and regulations on part of the law in 2016 and 2017, most of it didn't take effect until after HUD rulemaking (Mass. Union did comments on it in 2019).
- HUD now issued a final rule on rent/income parts of HOTMA. Some parts took effect Jan. 1, 2024, while others will be implemented by housing authorities over the course of 2024-2025.

# Big Changes with HOTMA

- Changed the "extraordinary medical expense" deduction for elderly/disabled families from expenses above 3% of income to expenses above 10% of income (phased in over 3 recertifications for existing tenants—first to 5%, then to 7.5%, then to 10%).
- Eliminated the Earned Income Disregard (EID) as of 1/1/24, which used to exclude all or half of increased income from earnings over a 2-year period (for federal public housing).
- Changed the standard deductions for elderly/disabled families from \$400/year to \$525/year. Dependent deduction remains \$480/year per dependent. Both will be adjusted periodically for inflation.

# Other HOTMA changes

- Interim recertification for increased income of 10% or more (but don't count increases in earned income unless prior interim reduction).
- Option of doing COLA-type annual change and 3-yr recert. if 90% or more of income "fixed" (such as public assistance, SSI/SSDI, etc.)
- PHAs must adjust rent downward if income declined by 10% (and could have a lower threshold if they wish). HUD requires downward adjustment for any income loss due to reduced household size.
- Eliminates some recertification requirements for smaller assets, but set an assets cap (but PHAs may chose not to apply to existing Ts).

# HOTMA "Simplification"--Really?

- One of the main arguments for HOTMA was that it would "simplify" the process for recertification for housing authorities and tenants.
- However, much of what HUD has put out makes it appear that things could get more complicated, particularly around options of projecting future income from past income. This is an area where people will need to report on what they're seeing.
- Discuss what are effective ways to act collectively (maybe ask HUD MA to monitor issues & include tenant representatives).

# HUD Resident Worksheets—Quick Review

- General Reviews of Income & Household Composition (see also Resource Worksheet on What's Counted & Excluded)
- Interim Reviews (Note PHA Discretion)
- Health/Disability Expenses, Child Care Expenses, Temporary Hardship
- Treatment of Assets and Real Estate
- Treatment of Student Financial Assistance

# Tenants' Ability to Influence HOTMA Policy

- While a lot of HOTMA policy is dictated by the 2016 legislation or HUD rulemaking, in a number of areas, public housing agencies (PHAs) have discretion.
- Examples—Whether to extend hardship relief more than 90 days, whether to apply asset cap to existing tenants, whether to allow interim rent decrease where income drops less than 10%.
- Tenants can participate in the PHA Plan process through their Resident Advisory Boards (RABs), LTOs, or as interested tenants to affect choices.
- Leases and Admissions/Continued Occupancy Policies (ACOP) and Admin Plans (for Section 8) also will change & notice/comment rts.



# Hearing from You & Next Steps

- Have any of you yet heard about your PHAs' plans to roll out HOTMA changes?
- From what you have heard today, do you have questions? Concerns?
- How do you think residents should stay in touch with each other across MA as PHAs implement HOTMA (encourage "best practices", and share strategies about fighting policies that are bad)?