

February 3, 2025

JANUARY FAQ

HCV and PH Question: HOTMA Effective Dates

Q: Help! In light of all the HOTMA changes and the recent notice, we are confused about which parts of HOTMA are effective for us and when.

A: The Housing Opportunity Through Modernization Act was signed into law in 2016. For the most part, initial rulemaking dealt with changes to the Project-Based Voucher (PBV) program and some minor changes to Housing Quality Standards (HQS). HUD released the first notice covering the sweeping changes contained in Sections 102 and 104 of HOTMA in February of 2023. These sections deal with the parts of HOTMA that impact how income, assets, and adjusted income are calculated, as well as how annual and interim recertifications are conducted. At that time, HOTMA was to be applicable no later than January 1, 2024. HUD eventually pushed implementation back to January 1, 2025, because of the delay in the conversion from IMSPIC to the new Housing Information Portal (HIP). However, late in 2024, HUD again pushed the deadline back. Finally, on December 18, 2024, HUD published Notice [PIH 2024-38](#), which identifies provisions in HOTMA 102/104 that PHAs must comply with no later than July 1, 2025. Given the delays in HOTMA implementation, and the fact that only certain provisions of HOTMA will be effective in July, it makes sense that PHAs would be confused about what provisions of HOTMA are effective and when.

Notice PIH 2023-38 states that all transactions with an effective date on or after July 1, 2025, must be processed using requirements in the notice. Since annual reexams are processed 90 to 120 days prior to the effective date of the reexam, this means provisions listed in the notice are actually going to be implemented by PHAs as soon as March 3, 2025, depending on when your PHA starts processing annuals. PHAs don't have to wait to implement these changes, though. The notice states, "PHAs may immediately begin complying with provisions in the notice once they have made any necessary updates to their materials and processes." The notice does not mention updating PHA policy prior to implementing its provisions, but MMA recommends updating your PHA's administrative plan or ACOP first. Most importantly, the July 1, 2025, compliance deadline does not apply to other HOTMA 102/104 provisions not listed in the notice. Other provisions are still dependent on HIP implementation and may not be implemented yet. So, what's effective when?

The PHA must:

- Have stopped enrolling families into the EID as of 12/31/23;
- Transition to the new Form HUD-9886-A no later than 2/1/25;
- Apply HOTMA 102/104 income exclusions listed in [24 CFR 5.600\(b\)](#) (including new requirements for student financial assistance) for all income examinations effective on or after 7/1/25;
- Apply provisions related to de minimis errors; and
- Use these new HOTMA 102/104 definitions listed in the regulations for all transactions effective on or after 7/1/25.

These definitions include:

- Earned income
- Unearned income
- Family
- Day laborer
- Independent contractor
- Dependent
- Foster child and foster adults
- Health and medical care expenses
- Minor

Further, PHAs **may**, but are not required to:

- Stop using the EIV Income Report during interim reexams.
- Use Safe Harbor income determinations from means-tested federal assistance programs to verify a family's income and assets.

Finally, in FAQs dated 2/22/24, HUD also stated PHAs **may**, but are not required to:

- Accept third-party verification dated within 120 days of the date received by the PHA (rather than 60 days of the reexam/PHA request date);
- Accept a statement dated within the appropriate benefit year for fixed income sources like Social Security; and
- Accept a self-certification of SSNs along with a third-party document as a last resort if an individual is not able to provide documentation of SSN.

More details about each of the above provisions can be found in Notice [PIH 2023-27](#).

Other than what's listed above, all other provisions of HOTMA 102/104 are on hold still. This means **PHAs may not implement certain provisions of HOTMA yet**. These include:

- All asset provisions, including the asset limitation;
- All adjusted income provisions, with the exception of the definition of health and medical care expenses;
- Inflationary adjustments (although PHA may use the HUD-determined passbook rate);
- The new verification hierarchy, which allows for EIV + self-certification;
- Annuals using the previous 12-month period income;
- Interim reexam requirements; and
- Non-interim reexam transactions.

PHAs may not implement the above provisions because HUD has determined they depend on HIP implementation. PHAs should await further guidance from HUD on when these will be applicable.

PH PROGRAM NEWS

PIH Issues Notice on Demo/Dispo Requirements (1/2)

On December 26, HUD's Office of Public and Indian Housing (PIH) issued [Notice PIH 2024-40](#) to explain the application requirements for the demolition or disposition of public housing and to describe the procedure for requesting tenant protection vouchers (TPVs). The 18-page notice replaces [Notice PIH 2021-07](#).

The notice describes the requirements associated with the following aspects of the demolition/disposition application process:

- SAC application requirements, including requirements concerning processing, the PHA plan, environmental requirements, resident consultation, offer of sale to resident organizations in the case of disposition, board resolution, phased applications, commensurate public benefit and use restrictions (heavily revised), and new sections on ground lease dispositions, disposition proceeds, and changes after SAC application approval.
- Disposition justification, including justification criteria for dwelling units, blending Section 18 disposition approvals with RAD conversion (heavily revised), and justification criteria for non-dwelling buildings and vacant land.
- Demolition justification, including justification criteria and de minimis demolition.
- The eligibility and application process for tenant protection vouchers.
- Other requirements, such as requirements concerning existing financial transactions (heavily revised), Operating Fund accuracy and updating days to relocation, reoccupying units proposed for demo/dispo, reporting requirements, false certifications and HUD enforcement, and civil rights requirements (heavily revised).
- Relocation of residents, including relocation requirements and new sections on quality of relocation units, relocation considerations, and housing search.

PIH Updates Build America, Buy America Guidance for Public Housing (1/17)

Late yesterday, HUD's Office of Public and Indian Housing (PIH) also issued Notice [PIH 2025-06](#) updating the implementation guidance for the Buy America Preference (BAP) requirement created by the Build America, Buy America Act (BABA), as relative to the Public Housing program.

The notice supersedes Notice [PIH 2024-01](#) by clarifying some of the previous guidance and addressing issues that were not previously covered. Specifically, the new document clarifies what constitutes private housing that is not subject to BABA, specifies that the notice applies to the Choice Neighborhoods Initiative grant program, and provides guidance on how BABA applies to the Moving to Work Demonstration, as well as other clarifications.

The [Build America, Buy America Act](#) established a domestic content procurement preference for all federal financial assistance obligated for infrastructure projects. The Act requires that all iron, steel, manufactured products, and construction materials used in covered infrastructure projects are produced in the United States. HUD issued a [final rule](#) implementing the statutory requirements in August of 2023. The rule became effective October 23, 2023. Yesterday's notice provides a BAP application timeline and highlights important considerations in preparing for full implementation.

BAP requirements apply in the absence of a waiver. All waivers must be submitted in accordance with the instructions on HUD's [BABA webpage](#). A complete list of BAP waivers is published on [this page](#) at HUD's website.

GENERAL NEWS

HUD Revises EBLL Threshold for Children Under Six (1/21)

Last Friday in the *Federal Register*, the Department of Housing and Urban Development (HUD) published a [notice](#) officially revising the elevated blood lead level (EBLL) threshold under its Lead Safe Housing Rule from 5 to 3.5 micrograms of lead per deciliter of blood (µg/dL) for a child under the age of 6, consistent with the Centers for Disease Control and Prevention's current blood lead reference value (BLRV) of 3.5 µg/dL.

HUD previously released a [notice for comment](#) on the topic in September 2024 and received 25 responses. All of the comments supported the revision of the EBLL threshold to a lower level than the current level. This new threshold will encourage healthcare providers and public health professionals to use the CDC-recommended follow-up actions that include arranging for an environmental investigation of the home to identify potential sources of lead, among other requirements.

Per the notice, the required compliance dates for implementing this modification depend on whether the applicable state, state-level jurisdiction, territory, or local jurisdiction has already incorporated a blood lead level action threshold equal to or lower than the CDC's current BLRV. Specifically, for states, state-level jurisdictions, territories, and local jurisdictions that have a blood lead level action threshold equal to or lower than the CDC's current BLRV (i.e., equal to or lower than 3.5 µg/dL for a child under age 6), HUD is requiring compliance with this change of the Lead Safe Housing Rule's EBLL threshold by [April 17, 2025](#). For HUD-assisted target housing in states, state-level jurisdictions, territories, and local jurisdictions where the blood lead level action threshold is higher, HUD is requiring compliance with this change by [July 16, 2025](#). While HUD agrees with commenters that this longer compliance period may have a negative impact on the health of lead-exposed children, HUD believes this longer period is necessary and reasonable given the challenges relating to local capacity of lead-based paint professionals and firms.

Further details can be found in the [notice](#).

OMB Rescinds Memo Pausing Federal Grants, Loans, and Financial Assistance (1/21)

Today numerous news outlets reported that the Office of Management and Budget (OMB) rescinded the [memorandum](#) it issued on Monday directing all federal departments and agencies to temporarily pause all federal financial assistance. The memorandum required that the departments and agencies perform a comprehensive analysis to ensure that all federal financial assistance programs and supporting activities are consistent with the current administration's recent executive orders. The temporary pause was scheduled to go into effect at 5:00 p.m. yesterday but was stayed by a federal judge until Monday, February 3.

According to an Associated Press [article](#), "the White House confirmed that OMB pulled the memo Wednesday in a two-sentence notice sent to agencies and departments but said that Trump's underlying executive orders targeting federal spending in areas like diversity, equity and inclusion and climate change, remained in place." Additionally, Karoline Leavitt, Assistant to the President and White House Press Secretary, wrote the following in a social media post: "This is NOT a rescission of the federal funding freeze. It is simply a rescission of the OMB memo. Why? To end any confusion created by the court's injunction. The President's EO's on federal funding remain in full force and effect and will be rigorously implemented."

RAD PROGRAM NEWS

PIH Issues New RAD Supplemental Notice (1/17)


Late yesterday HUD's Office of Public and Indian Housing (PIH) issued Notice [PIH 2025-03H 2025-01](#) titled "Rental Assistance Demonstration – Supplemental Notice 4c." The supplemental notice amends Notice [PIH 2019-23H 2019-02](#) to implement certain changes to the Rental Assistance Demonstration (RAD) authorized under the FY 2024 Appropriations Act as well as other changes. Specifically, yesterday's notice supplements and further amends RAD Notice, Rev-4 in the following matters:

- Extension of application date
- RAD and Section 18 Blends
- Resident services
- Waivers of rent adjustments by OCAF
- Annual financial statements
- Extension from 14 to 30 days' notice for non-payment of rent
- Renewal after initial term
- Leases
- Rebuild-Rebuild (formerly Faircloth-to-RAD)
- Financing plan requirements and feasibility benchmarks for public housing conversions
- HOTMA PBV Rule conforming changes

Changes are effective immediately and are subject to a 30-day comment period. Any waivers or alternative requirements to statutory provisions will take effect 10 days after publication in the *Federal Register*.





HUD also announced yesterday's notice via RADblast! and provided a [summary of the key changes](#). Additionally, HUD will host a live webinar to provide an overview of the RAD supplemental notice [today, January 17, 2025, at 2:00 p.m. Eastern time](#). [Click here](#) to register.

Your PH Alert - What Happened in January



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