

## HOTMA Policy Overview- HUD

### 2024 Administrative Plan Supplemental

While full compliance with HOTMA is mandatory by January 1, 2025, PHAs select a HOTMA compliance date sometime in 2024 on which to begin fully applying all HOTMA provisions to their programs. All transactions with an effective date on or after that date must follow HOTMA regulations and the PHA's updated policies.

While the majority of HOTMA provisions cannot be implemented until the Housing Information Portal (HIP) and the PHA's software is ready, HUD encourages PHAs to implement certain specific provisions of HOTMA that do not require HIP implementation irrespective of the PHA's HOTMA compliance date. HUD described which provisions of HOTMA may be implemented early in FAQs published February 22, 2024. **All other provisions of HOTMA are not applicable until the PHA's HOTMA compliance date.**

The following details discretionary policies which HUD allows PHAs to implement prior to their HOTMA compliance date. Early adoption of such policies is optional. The PHA may adopt some, all, or none of the policies listed below prior to their HOTMA compliance date.

(Note: Although HUD's 2/22/24 FAQs list Zero Income Reviews (as described in Section J.8 of revised Notice PIH 2023-27) as an area where PHAs may adopt HOTMA policies prior to the PHA's implementation date, HOTMA did not make any significant changes in this area. The PHA may continue to use their current zero income policies. Therefore, no policy decision point has been listed below.)

#### **NCHC policies attached:**

- I. Earned Income Disallowance (EID)
- II. Form HUD-9886-A
- III. Safe Harbor Income Determinations
- IV. Verification Dated within 120 Days
- V. Verification of Fixed Income Sources
- VI. Verification of Social Security Numbers (SSN)

## 2024 ADMINISTRATIVE PLAN SUPPLEMENTAL

### NCHC HOTMA Policies

#### **I. Earned Income Disallowance (EID)**

Since HOTMA removed the statutory authority for the EID as of January 1, 2024, regardless of the PHA's HOTMA compliance date, the PHA must not enroll any new families in the EID. This is mandatory. The EID is only available to families that were eligible for and participating on the program as of December 31, 2023, or before; no new families are to be added on or after January 1, 2024. If a family was receiving the EID prior to or on December 31, 2023, they are entitled to the full amount of the benefit for a full 24-month period. PHA policies governing the EID are applicable only to such families.

**Discretion:** None

**Implementation date:** **January 1, 2024**

**NCHC Policy:** **No changes to the 2024 Administrative Plan.**

## II. Form HUD-9886-A

Section J.1 of Notice PIH 2023-27 provides that PHAs were able to begin having families sign the new HUD-9886-A on January 1, 2024. While the PHA is not required to update its policies to begin using the new Form HUD-9886-A, the new form refers to the family's ability to revoke consent with respect to the PHA's ability to access financial records from financial institutions, unless the PHA establishes policies that revocation of consent will result in a denial of admission or termination of assistance. As such, if the PHA will begin using the new Form HUD-9886-A prior to the PHA's compliance date and adoption of such policy, the PHA should also implement policies governing revocation of consent at the same time.

**Implementation date: January 1, 2024**

### NCHC Policy

#### **3-II.D. FAMILY CONSENT TO RELEASE OF INFORMATION [24 CFR 5.232; HCV GB, p. 5-13]**

HUD requires that each adult family member, and the head of household, spouse, or cohead, regardless of age, sign form HUD-9886, Authorization for the Release of Information/Privacy Act Notice, the form HUD-52675 Debts Owed to Public Housing Agencies and Terminations, and other consent forms as needed to collect information relevant to the family's eligibility and level of assistance. Chapter 7 provides detailed information concerning the consent forms and verification requirements. **The consent form remains effective until the family is denied assistance, assistance is terminated, or the family provides written notification to revoke consent.**

The NCHC must deny admission to the program if any member of the applicant family fails to sign and submit the consent forms for obtaining information in accordance with 24 CFR 5, Subparts B and F [24 CFR 982.552(b)(3) and 24 CFR 5.232(a)].

**However, this does not apply if the applicant or participant, or any member of their family, revokes their consent with respect to the ability of the NCHC to access financial records from financial institutions, unless the NCHC establishes a policy that revocation of consent to access financial records will result in denial or termination of assistance or admission [24 CFR 5.232(c)].**

#### NCHC Policy

**NCHC has established a policy that the family's revocation of consent to allow the NCHC to access records from financial institutions will result in denial of admission.**

#### **7-I.A Form HUD-9886 [24 CFR 5.230(b)(1), b(2), (c)(4), and (c)(5)]; Notice PIH 2023-27**

All adult applicants and participants sign form HUD-9886, Authorization for Release of Information. All adult family members (and the head and spouse/cohead, regardless of age) are required to sign the Form HUD-9886 at admission. Participants, prior to January 1, 2024, signed and submitted Form HUD-9886 at each annual reexamination. **HOTMA eliminated this requirement and instead required that the Form HUD-9886 be signed only once. On or after January 1, 2024 (regardless of the NCHC's HOTMA compliance date), current program participants must sign and submit a new Form HUD-9886 at their next interim or annual reexamination. This form will only be signed once. Another Form HUD-9886 will not be submitted to the NCHC except under the following circumstances:**

- **When any person 18 years or older becomes a member of the family;**

- When a current member of the family turns 18; or
- As required by HUD or the NCHC in administrative instructions.

NCHC has the discretion to establish policies around when family members must sign consent forms when they turn 18. NCHC must establish these policies stating when family members will be required to sign consent forms at intervals other than at reexamination.

#### NCHC Policy

Family members turning 18 years of age between annual recertifications will be notified in writing that they are required to sign the required Consent to the Release of Information Form HUD-9886 at the family's next annual or interim reexamination, whichever is earlier.

The purpose of form HUD-9886 is to facilitate automated data collection and computer matching from specific sources and provides the family's consent only for the specific purposes listed on the form. HUD and the NCHC may collect information from State Wage Information Collection Agencies (SWICAs) and current and former employers of adult family members. Only HUD is authorized to collect information directly from the Internal Revenue Service (IRS) and the Social Security Administration (SSA

NCHC may obtain any financial record from any financial institution, as the terms financial record and financial institution are defined in the Right to Financial Privacy Act (12 U.S.C. 3401), whenever the NCHC determines, the record is needed to determine an applicant's or participant's eligibility for assistance or level of benefits [24 CFR 5.230(c)(4)].

The executed form will remain effective until the family is denied assistance, assistance is terminated, or the family provides written notification to the NCHC to revoke consent.

#### **Penalties for Failing to Consent [24 CFR 5.232]**

If any family member who is required to sign a consent form fails to do so, the NCHC must deny admission to applicants and terminate assistance of participants. The family may request an informal review (applicants) or informal hearing (participants) in accordance with NCHC procedures.

However, this does not apply if the applicant, participant, or any member of their family, revokes their consent with respect to the ability of the NCHC to access financial records from financial institutions, unless the NCHC establishes a policy that revocation of consent to access financial records will result in denial or termination of assistance or admission [24 CFR 5.232(c)]. NCHC may not process interim or annual reexaminations of income without the family's executed consent forms.

#### NCHC Policy

NCHC has established a policy that revocation of consent to access financial records will result in denial of admission or termination of assistance in accordance with NCHC policy.

In order for a family to revoke their consent, the family must provide written notice to the NCHC.

Within 10 business days of the date the family provides written notice, the NCHC will send the family a notice acknowledging receipt of the request and explaining that revocation of consent will result in denial or termination of assistance, as applicable. At the same time, the NCHC will notify their local HUD office.

### **III. Safe Harbor Income Determinations**

Section J.4 of Notice PIH 2023-27 allows PHAs to use income determinations from other means-tested federal public assistance programs to verify annual income. These are known as Safe Harbor income determinations. PHAs that choose to adopt this policy before migrating to HIP must list the annual income from the other program's determination in Section 7 of the HUD-50058 for the head of household using the "Other Non-Wage Sources" income code.

**Implementation date:** N/A.

#### **NCHC Policy**

NCHC will not adopt the Safe Harbor Income Determinations policy.

#### **IV. Verification Dated within 120 Days**

Section J.5 of Notice PIH 2023-27 contains updated the guidance for Level 4 documentation (Written Third-Party Verification) to include an original or authentic document generated by a third-party source dated within 120 days of the date received by the PHA, rather than 60 days as is currently required.

**Implementation date: April 1, 2024**

#### **NCHC Policy**

##### **7-I.F. LEVEL 4 VERIFICATION [Notice PIH 2023-27]**

##### **Written Third-Party Verification from the Source**

Written third-party verification from the source is also known as “tenant-provided verification.” In order to qualify as written-third party verification from the source, the documents must be original or authentic and (generally) dated within 120 days of the date received by the NCHC. For fixed-income sources, a statement dated within the appropriate benefit year is acceptable documentation. Documents may be supplied by the family or received from a third-party source.

Examples of acceptable tenant-provided documents include, but are not limited to pay stubs, payroll summary reports, employer notice or letters of hire and termination, SSA benefit verification letters, bank statements, child support payment stubs, welfare benefit letters and/or printouts, and unemployment monetary benefit notices. Income tax returns with corresponding official tax forms and schedules attached and including third-party receipt of transmission for income tax return filed (i.e., tax preparer’s transmittal receipt, summary of transmittal from online source, etc.) are an acceptable form of written, third-party verification.

*(All references to the age of third-party verifications in the NCHC’s 2024 Administrative Plan are replaced with 120 days.)*

## V. Verification of Fixed Income Sources

In accordance with Section J.5 of Notice PIH 2023-27, PHAs may accept a statement dated within the appropriate benefit year for fixed income sources.

**Implementation date: April 1, 2024**

### NCHC Policy

#### **7-I.C. STREAMLINED INCOME DETERMINATIONS [24 CFR 960.257(c); Notice PIH 2023-27]**

HUD permits NCHC to streamline the income determination process for family members with fixed sources of income. While third-party verification of all income sources must be obtained during the intake process and every three years thereafter, in the intervening years, the NCHC may determine income from fixed sources by applying a verified cost of living adjustment (COLA) or other inflationary adjustment factor. Streamlining policies are optional. The NCHC may, however, obtain third-party verification of all income, regardless of the source. Further, upon request of the family, the NCHC must perform third-party verification of all income sources.

Fixed sources of income include Social Security and SSI benefits, pensions, annuities, disability or death benefits, and other sources of income subject to a COLA or rate of interest. The determination of fixed income may be streamlined even if the family also receives income from other non-fixed sources.

Two streamlining options are available, depending upon the percentage of the family's income that is received from fixed sources.

When 90 percent or more of a family's unadjusted income is from fixed sources, the NCHC may apply the inflationary adjustment factor to the family's fixed-income sources, provided that the family certifies both that 90 percent or more of their unadjusted income is fixed and that their sources of fixed income have not changed from the previous year. Sources of non-fixed income are not required to be adjusted and must not be adjusted by a COLA, but NCHC may choose to adjust sources of non-fixed income based on third-party verification. NCHC have the discretion to either adjust the non-fixed income or carry over the calculation of non-fixed income from the first year to years two and three.

When less than 90 percent of a family's unadjusted income consists of fixed income, NCHC may apply a COLA to each of the family's sources of fixed income. NCHC must determine all other income using standard verification requirements as outlined in Notice PIH 2023-27.

#### NCHC Policy

When the NCHC does not use a Safe Harbor income determination from a federal assistance program to determine the family's annual income as outlined above, then NCHC will use a streamlined income determinations where applicable.

If 90 percent or more of a family's unadjusted income is from fixed income sources:

NCHC will streamline the annual reexamination process by applying the verified inflationary adjustment factor to fixed-income sources.

The family will be required to sign a self-certification stating that 90 percent or more of their unadjusted income is fixed income and that their sources of fixed income have not changed from the previous year.

NCHC will document in the file how the determination that a source of income was fixed was made.

Third-party verification of non-fixed income will be obtained annually regardless of the percentage of family income received from fixed sources.

If the family's sources of fixed income have changed from the previous year, the NCHC will obtain third-party verification of any new sources of fixed income.

When less than 90 percent of a family's unadjusted income consists of fixed income:

NCHC will apply a COLA to each of the family's sources of fixed income.

All other income will be verified using third-party verification as outlined in Notice PIH 2023-27 and Chapter 7 of this policy.

In the following circumstances, regardless of the percentage of income received from fixed sources, the NCHC will obtain third-party verification as outlined in Notice PIH 2023-27 and Chapter 7 of this policy:

Of all assets when net family assets exceed \$50,000;

Of all deductions and allowances from annual income;

If a family member with a fixed source of income is added;

If verification of the COLA or rate of interest is not available;

During the intake process and at least once every three years thereafter.

*(Requirements that third-party verification be dated within 120 days do not apply, and all references to verification of fixed income sources throughout the 2024 Administrative Plan are replaced.)*



## **VI. Verification of Social Security Numbers (SSN)**

Section J.6 of Notice PIH 2023-27, HUD noted that it is adjusting what HUD considers acceptable documentation of SSN under 24 CFR 5.216(g)(1). PHAs have the option of accepting a self-certification **and** a third-party document (such as a bank statement, utility or cell phone bill, or benefit letter) with the applicant's name printed on it to satisfy the SSN disclosure requirement if the PHA has exhausted all other attempts to obtain the required documentation. If verifying an individual's SSN using this method, the PHA must document why the other SSN documentation was not available.

**Implementation date: April 1, 2024**

### **NCHC Policy**

#### **7-II.B. SOCIAL SECURITY NUMBERS [24 CFR 5.216, Notice PIH 2023-27]**

The family must provide documentation of a valid Social Security number (SSN) for each member of the household, with the exception of individuals who do not contend eligible immigration status. Exemptions also include existing program participants who were at least 62 years of age as of January 31, 2010, and had not previously disclosed an SSN.

Note that an individual who previously declared to have eligible immigration status may not change their declaration for the purpose of avoiding compliance with the SSN disclosure and documentation requirements or penalties associated with noncompliance with these requirements. Nor may the head of household opt to remove a household member from the family composition for this purpose.

The NCHC must accept the following documentation as acceptable evidence of the social security number:

- An original SSN card issued by the Social Security Administration (SSA)
- An original SSA-issued document, which contains the name and SSN of the individual
- An original document issued by a federal, state, or local government agency, which contains the name and SSN of the individual

While NCHC must attempt to gather third-party verification of SSNs prior to admission as listed above, NCHC also have the option of accepting a self-certification and a third-party document (such as a bank statement, utility or cell phone bill, or benefit letter) with the applicant's name printed on it to satisfy the SSN disclosure requirement if the NCHC has exhausted all other attempts to obtain the required documentation. If verifying an individual's SSN using this method, the NCHC must document why the other SSN documentation was not available.

**If the tenant's SSN becomes verified in EIV, then no further verification is required. If the tenant's SSN fails the SSA identity match, then the NCHC must obtain a valid SSN card issued by the SSA or an original document issued by a federal or state government agency that contains the name of the individual and the SSN of the individual, along with other identifying information of the individual. The tenant's assistance must be terminated if they fail to provide the required documentation.**

#### **NCHC Policy**

**NCHC will verify an individual's SSN in the situations described above using the method described above as a last resort when no other forms of verification of the individual's SSN are available.**