



May 11, 2023

Ms. Dominique Blom  
General Deputy Assistant Secretary  
Office of Public and Indian Housing  
U.S. Department of Housing and Urban Development  
451 Seventh Street, SW  
Washington, DC 20410

Re: Industry concerns regarding HOTMA Sections 102 and 104 implementations

Dear Ms. Blom:

On behalf of PHADA, NAHRO, CLPHA, and the MTW Collaborative, who collectively represent the nation's 3,200 local public housing authorities (PHAs), we are writing to you to express our concerns regarding the implementation of Sections 102 and 104 of the Housing Opportunity through Modernization Act (HOTMA) and to ask you to extend the effective date for all changes related to Sections 102 and 104 to January 1, 2025. The federal housing programs administered by our members provide housing assistance to nearly 9 million people who live in over 4.2 million homes assisted under the public housing, Housing Choice Voucher, and project-based rental assistance programs. Our collective mission is serving families, and we believe that the strain on our members from implementing HOTMA on the Department's accelerated timeline jeopardizes our success.

The Housing Opportunity through Modernization Act (HOTMA) was passed by Congress in 2016. Since then, HUD has adopted a piecemeal approach to implementation such that seven years after HOTMA's passage there are still sections where the Department has yet to implement a final rule (Sections 101 and 106, concerning Housing Quality Standards inspections and project-based voucher rules) or even a draft rule (Section 109, concerning capital fund replacement reserves).

On February 14, 2023, HUD published the final rule for implementation of HOTMA Sections 102, 103, and 104. Since 2016, our organizations have urged HUD to expediently publish guidance on the remaining HOTMA provisions. While we are pleased that HUD is beginning to act on these provisions, we are very concerned that HUD has not provided a realistic compliance timeline. Sections 102 and 104 represent arguably the biggest change in decades to how PHAs calculate residents' income, in addition to imposing new limitations for assistance based on assets. These sections will have a significant impact on PHA operations and residents, and it will take time for agencies to thoughtfully consider policy options, conduct outreach and required public engagement, update their administrative plans, educate their residents, and train staff.

While the HOTMA final rule states that Sections 102 and 104 are effective January 1, 2024, HUD's [own guidance](#) interprets the rule as applying to *all transactions with an effective date* of January 1, 2024, or later, and notes that "for annual reexaminations, **this means having policies, forms, and processes ready by October or November** to apply to January 1, 2024, Annual Reexaminations" (our emphasis). PHAs will need to have these in place because they will begin processing January 1<sup>st</sup> reexaminations several months beforehand.

If PHAs must be ready to implement these provisions by October, they will need to have their policies revised by June or July (at the latest) to go through the necessary public comment period, as these changes will represent a significant amendment to PHAs' Plans. This gives agencies an unrealistically tight timeframe to process HUD's guidance, conduct community outreach to make necessary policy determinations (e.g., the threshold at which to conduct income reexaminations or which exceptions to

establish for the asset test), and draft new policies. Given that HUD is planning to host webinars in May and will not issue guidance until this summer, PHAs will be further challenged to implement these new policies.

This timeline also gives PHAs a very short timeframe to conduct staff training and resident messaging. Given the substantial changes to income calculations and recertification procedures, it will take time and resources for agencies to train their staff and communicate with residents - especially changes related to income reexaminations and the increased thresholds for medical and attendant care deductions.

If HOTMA were the only issue that PHAs were grappling with, HUD's timeline might be feasible. The need to juggle the many other ongoing regulatory and reporting initiatives will add additional challenges in implementing HOTMA. These initiatives include, but are certainly not limited to, NSPIRE implementation, planned changes to PHAS and SEMAP, and HUD's new rules for testing and mitigating radon. Meanwhile, PHAs must contend with an unfavorable funding environment in which additional administrative funds are unlikely. PHAs are being asked to do more with less.

Switching to the Housing Information Portal (HIP) in particular – since it will occur in conjunction with HOTMA implementation—is particularly concerning. Our PHA members and the software vendor community have expressed serious doubts that HIP will be ready by year-end and acknowledge that there will be technical challenges as the new system is rolled out. Coupling HIP rollout with HOTMA's major changes to income calculations is a recipe for disaster.

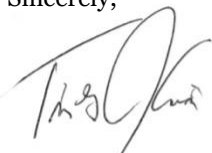
Given these concerns, we are asking the Department to reconsider its implementation timeline for **all changes related to HOTMA Sections 102 and 104 to become effective January 1, 2025**, which would provide the necessary time for HUD, PHAs, and software vendors to ensure that HIP rollout and HOTMA implementation are as smooth as possible. This pause would provide ample time for the Department to ensure that any potential issues with HIP are corrected before the HOTMA income calculation rules are put into place. It would also provide sufficient time for PHAs to thoughtfully consider their policy options, conduct public outreach, educate residents, and train staff.

Delaying HOTMA implementation would give PHAs a partial reprieve from the torrent of upcoming HUD regulatory and reporting changes, including NSPIRE, PHAS and SEMAP changes, and the Affirmatively Furthering Fair Housing Rule, among many others. To that end, the industry [recently wrote](#) to Secretary Fudge requesting that the Department “develop mutually agreed upon timelines for implementation in consultation with industry associations” of these many regulatory changes.

We also ask that HUD commit to issuing HOTMA guidance as early as possible this summer and to holding additional webinars and training sessions throughout the summer. We do not believe that the Department can adequately cover the many impacts that Sections 102 and 104 will have on PHA operations, so we urge the Department to host additional webinars and office hours sessions throughout the summer.

We appreciate your consideration of our request and look forward to working with you to ensure that PHAs across the country continue to meet their core mission of providing safe, sanitary, and decent housing to low-income families.

Sincerely,



Timothy G. Kaiser  
Executive Director  
PHADA



Mark Thiele  
CEO  
NAHRO



Sunia Zatterman  
Executive Director  
CLPHA



Tracey Scott  
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MTW Collaborative