THE COMPLETE HOTMA SUPPLEMENT TO THE CPO COURSE MINI-QUIZ ANSWER KEY

CHAPTER 1
HOTMA HISTORY AND IMPACTS

TRUE 1. HOTMA Section 103 modifies the continued program participation limits for over-income families and only applies to Public Housing.

HOTMA Section 103 only applies to Public Housing and does not apply to Multifamily Housing programs.

FALSE 2. HOTMA Section 104 sets asset limits for eligibility and continued assistance, and it applies to all Public Housing and MFH programs.

HOTMA Section 104 asset limits do not apply to MFH programs.

FALSE 3. Due to the HOTMA effective date, **ALL** HOTMA changes were required to be implemented no later than January 1, 2024.

The HOTMA effective date was January 1, 2024, but PHAs and owners have until January 1, 2025, to implement HOTMA.

TRUE 4. HOTMA must be implemented as soon as possible, but no later than January 1, 2025.

All HOTMA policies and actions must be implemented no later than January 1, 2025.

TRUE 5. Corrective actions for any HOTMA-related file errors will be issued beginning January 1, 2024, but PHAs and owners will not be penalized until January 1, 2025.

Contract Administrators (CAs) will issue observations with corrective actions, but PHAs and owners will not be penalized during 2024.

CHAPTER 2
QUICK-REFERENCE TOPICS

FALSE 1. Income includes amounts that families are legally entitled to receive.

Income includes only amounts families actually receive, not what they are legally entitled to receive.

TRUE 2. Imputed asset income is the sum of actual and imputed income from assets.

Imputed income from assets is the total amount when adding together actual asset income and imputed asset income.

TRUE 3. Adult family members only need to sign a HOTMA-updated consent form once – not each year – unless certain circumstances occur.

Adults (ages 18 and older) are required to sign a HOTMA-updated consent form only once unless a new adult joins the family, an existing family member turns 18, or HUD or the PHA requires forms to be signed at a different interval.

FALSE 4. If a family revokes their consent forms, the PHA or owner must immediately begin eviction proceedings.

PHAs and owners may create policies regarding consent form revocation that may result in the termination of assistance or denial of admission, but they are not required to begin eviction proceedings.

TRUE 5. HOTMA permits PHA/owner flexibility in multiple areas, including the percentage of an income decrease (10% or less) required to trigger an interim reexamination, when/what circumstances require a family to report a change in income/assets, and choosing to conduct an interim reexamination in the final three months of a certification period.

HOTMA increases the flexibility that PHAs/owners have in creating policies for the benefit of the applicant/resident family. Just remember to apply all policies consistently.

TRUE 6. The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI–W) is the basis for necessary inflationary index adjustments, such as the dependent/elderly/disable family deductions and the value cap on non-necessary personal property to include in net family assets.

Numerous values will be updated annually per the CPI-W. These will be published by September 1 of each year on www.HUDUser.gov to be used for any reexaminations effective on or after January 1.

FALSE 7. All annually adjusted amounts will be rounded to the nearest dollar.

Several amounts will be rounded to the next lowest multiple of $25: the mandatory deductions for elderly/disabled families and dependents, and the income exclusions for the earned income of dependent full-time students and adoption assistance payments.

CHAPTER 3
MUST-KNOW DEFINITIONS

FALSE 1. Under HOTMA, foster adults and foster children are considered members of the assisted family.

Foster adults and children are considered members of the household, but not part of the assisted family.

TRUE 2. Nonrecurring income is not counted in the calculation of a family's annual income.

Nonrecurring income is excluded under HOTMA, and it is not included in annual income.

TRUE 3. The HOTMA definition of real property has the same meaning as the state law's definition where the property is located.

The updated HOTMA definition of real property matches the law in the state where the property is located.

CHAPTER 4
ASSETS

TRUE 1. The value of necessary items of personal property are excluded as assets.

The value of any items considered as necessary personal property are excluded as assets.

FALSE 2. If a family owns real property, the value of that property is always included as part of net family assets.

The value of real property may be excluded from net family assets in certain circumstances.

FALSE 3. The assets of foster adults and foster children are counted in net family assets.

Because foster adults and foster children are not considered part of the assisted family, their assets are excluded from net family assets.

FALSE 4. Necessary personal property is just what a family needs to survive from day-to-day.

Items classified as necessary include what's essential for a family to occupy, use, and maintain a home, plus items required for employment, education, and health or wellness.

TRUE 5. Kayaks, bikes, and gaming systems are considered necessary personal property.

These fall in the "wellness" portion of the definition of necessary personal property.

TRUE 6. If the value of a family's net assets is greater than $50,000 (adjusted annually), the value is considered part of net family assets.

When the value of non-excluded assets exceeds $50,000, the value must be included as net family assets. Nonnecessary personal property with a combined value greater than $50,000, as adjusted by inflation, is considered part of net family assets.

TRUE 7. When net family assets are less than $50,000 (adjusted annually), the imputed returns do not count toward income.

When a family's net family assets do not exceed $50,000 (adjusted annually), imputed income is not calculated.

CHAPTER 5
INCOME

TRUE 1. Annual income includes amounts earned by independent contractors, day laborers, and seasonal workers.

HOTMA updated the definition of income to include wages earned by independent contractors, day laborers, and seasonal workers.

FALSE 2. All trust distributions are excluded from annual income.

Only some trust distributions are excluded from annual income.

FALSE 3. When civil rights judgments are received by a family, any structured payments are included as annual income, but lump-sum payments are excluded.

Civil rights settlements or judgments (including back pay) are excluded from income regardless of how the agreement is structured.

TRUE 4. PHAs/owners are required to create written policies related to changes in family composition and increases or decreases in income.

These are two of the HOTMA-required policies that PHAs/owners must create.

TRUE 5. The change in income (increase or decrease) to trigger an interim reexamination is 10%. HUD may set a lower amount for an <u>increase</u> in income, but a PHA/owner may set a lower amount for an income <u>decrease</u>.

PHAs/owners are permitted more flexibility with creating policies for income decreases (such as setting a lower percentage or rounding up), but HUD sets the limit for income increases.

FALSE 6. When a PHA/owner uses income verification safe harbor to determine a family's income, the third-party documentation must come directly from that program's administrator.

In addition to a program administrator, third-party documentation may also be provided through an appropriate means-tested form of public assistance or documentation provided by the family, such as a benefits award letter.

TRUE 7. When using an income verification safe harbor, PHAs/owners are required to ask about a family's net assets or income from those assets.

This is a bit of a trick question. The provided annual income includes income earned from assets, so most PHAs/owners will not need to ask. However, certain housing programs restrict eligibility based on a limitation of assets valued at over $100,000. If your property is subject to this asset limitation, you only need to ask if the family's net assets exceed the amount of the asset limitation.

FALSE 8. Families with unreimbursed health and medical care expenses and reasonable attendant care and auxiliary apparatus expenses are eligible to receive hardship exemptions and no tracking of the phased-in hardship exemption is required.

PHAs/owners are required to track and document the progression of families who receive phased-in relief over the course of 24 months.

TRUE 9. Families are required to be notified at every stage during hardship relief.

This is true, and the process begins with PHAs/owners communicating their policies to applicants and resident families.

CHAPTER 6
STUDENT FINANCIAL ASSISTANCE

TRUE 1. HOTMA created two categories of student financial assistance: Title IV HEA Assistance and "all other" assistance.

Effective July 1, 2024, the two categories of student financial assistance apply to full- and part-time students.

FALSE 2. Gifts from family or friends are included in the "all other" sources category of student financial assistance.

This is not correct. Gifts from family or friends are excluded as student financial assistance.

TRUE 3. In non-Section 8 programs, all HEA assistance is excluded from a family's annual income, even if that assistance exceeds the student's covered costs.

Non-Section 8 programs are not restricted in the amount of HEA assistance that might exceed a student's covered costs and is still excluded as annual income.

TRUE 4. When the required language is included in the annual appropriations act and a student receives Section 8 assistance, Title IV HEA Assistance that exceeds the student's covered costs may be included in annual income.

The specific appropriations language requires any student financial assistance that's in excess of covered costs to be considered income with a limited exception.

FALSE 5. In Section 8 programs and when the required language is included in the annual appropriations act, how student financial assistance is determined is tied only to the student's age.

When a student receives Section 8 assistance and the required language is included in the annual appropriations act, student financial assistance is determined based on the student's relationship to the household, age, and whether or not the student has dependent children.

CHAPTER 7
PUBLIC HOUSING AND SECTION 8

FALSE 1. Only a few of the HOTMA updates apply to the Public Housing and Section 8 programs.

All the HOTMA changes apply to the Public Housing and Section 8 programs.

TRUE 2. The events that trigger a non-interim reexamination transaction apply to the HCV program, along with two additional circumstances.

Non-interim reexamination transactions are also processed for the HCV program when contract rent changes don't correspond with an annual or interim reexamination and an update to the payment standard must be implemented.

FALSE 3. MFH owners can adopt permissive deductions.

MFH owners are not permitted to adopt permissive deductions. Only Public Housing, Housing Choice Voucher (HCV), Section 8 Moderate Rehabilitation, and Section 8 Moderate Rehabilitation Single-Room Occupancy (SRO) programs are permitted to utilize these deductions.

TRUE 4. If adopting permissive/additional deductions, PHAs must still follow all federal nondiscrimination requirements.

Permissive deductions may be created to benefit certain types of family members, they but cannot be discriminatory.

TRUE 5. PHAs must create written policies to define when, how, and for how long they will provide the required hardship exemptions.

These policies must outline what constitutes a hardship relating to health and medical care expenses, reasonable attendant care and auxiliary apparatus expenses, and childcare expenses (including a family's inability to pay rent).

CHAPTER 8
SECTION 202 AND SECTION 811

TRUE 1. HOTMA's regulations regarding annual and interim reexaminations, foster adults/children, income reexamination requirements, and more apply to Section 202 and Section 811 programs.

Most of HOTMA's changes apply to the Section 202 and Section 811 programs.

TRUE 2. Like other programs affected by HOTMA, tenant-based or project-based rental assistance does not count toward a family's annual income.

Tenant-based or project-based rental assistance is not income for applicants or residents, and it cannot be counted toward annual income.

TRUE 3. HOTMA's asset limits for eligibility and continued assistance in the Public Housing and Section 8 PBRA programs do not apply to Section 202 and Section 811.

Although most of HOTMA's provisions apply to Section 202 and Section 811, the asset limits for eligibility and continued assistance are not applicable.

CHAPTER 9
ASSET RESTRICTIONS ON FAMILY ELIGIBILITY – HOTMA SECTION 104

FALSE 1. Asset limitations on eligibility and real property limitations apply to all housing programs.

These limitations apply at Public Housing, HCV (including PB vouchers), Section 8 Moderate Rehabilitation, Section 8 Moderate Rehabilitation SRO, Section 8 (Project Based Rental Assistance), and Section 202/8 programs, and in specific circumstances at MFH properties.

TRUE 2. Families are permitted to self-certify that their net family assets do not exceed $50,000 (adjusted annually) and that they do not have an ownership interest in any real property.

These two self-certifications are permitted and may be combined on one form.

TRUE 3. Written enforcement policies are required for the asset limitation provision for annual or interim reexaminations, and these may range from total non-enforcement to enforcement in the form of assistance termination or eviction.

PHAs and owners must create nondiscriminatory policies – including possible exceptions – around the asset limitation for reexaminations.

CHAPTER 10
PUBLIC HOUSING OVER-INCOME FAMILIES – HOTMA SECTION 103

TRUE 1. PHAs have flexibility in creating written policies regarding families who remain over-income at the end of their 24-month grace period.

PHAs may create policies to not terminate the tenancy of over-income families at the end of the grace period.

FALSE 2. Only one or two notices must be sent to over-income families to make them aware of the situation, and PHAs don't need to explain what happens next.

Numerous notifications must be sent to the family, and a set schedule of income reexaminations must be conducted.

FALSE 3. After an over-income family signs a non-public housing over-income lease, PHAs are required to conduct annual income reexaminations.

PHAs are not permitted to conduct annual income reexaminations for over-income families who sign a non-public housing over-income lease.

CHAPTER 11
TENANT SELECTION PLANS, ACOPS, AND ADMIN PLANS

FALSE 1. Creating and adopting the HOTMA discretionary policies is optional.

PHAs and owners must create and adopt these policies.

FALSE 2. HUD's asset limitation policy states that all new admissions must be denied, and all current families must be immediately evicted if the families have assets that exceed $100,000 (adjusted annually) and own any type of real property.

While new admissions must be denied if their net family assets exceed $100,000 (adjusted annually), current families do not need to be evicted, and exceptions may apply for real property ownership – even for new admissions.

TRUE 3. PHAs and owners are required to apply all written policies consistently and fairly.

All policies must be created and applied in accordance with non-discrimination laws and regulations.