

## **ATTACHMENT A.1**

### **INTRODUCTION**

The U.S. Department of Housing and Urban Development (HUD) has permitted Public Housing Agencies (PHAs) to implement Housing Opportunities Through Modernization Act (“HOTMA”) changes effective on a “Compliance Date” established by the PHA in accordance with HUD Notice PIH 2023-37 (as reissued on February 2, 2024) and Notice PIH 2024-38. HUD has also established a compliance date of no later than July 1, 2025 that supersedes the PHA’s “Compliance Date” for some of the provisions listed in Sections 102 and 104 of HOTMA. Therefore, the Westmoreland County Housing Authority (WCHA) is amending applicable sections of its HCV/PBV Administrative Plan and Public Housing Admissions and Continued Occupancy Policy to comply with all HOTMA requirements and the following discretionary areas:

#### **Asset Limitations (24 CFR § 5.618)**

The Housing Opportunities Through Modernization Act (HOTMA) under 24 CFR § 5.618(b)(2), has required PHAs to limit certain assets owned by applicants and participants of the HCV and Public Housing programs.. Therefore, the WCHA will deny admission of a family for the following reasons:

- Net family assets exceed \$100,000 (adjusted annually for inflation); and/or
- The family has a present ownership interest in, a legal right to reside in, and the effective legal authority to sell a real property (based on laws of the state or locality in which the property is located) that is suitable for occupancy by the family as a residence.

For families admitted prior to the effective date of this policy, Notice HUD 2023-27 (as reissued on February 2, 2024) permits PHAs to choose not to enforce such actions relating to the above cited Asset Limitations for annual and interim reexaminations. The WCHA has adopted a “Total Non-Enforcement” policy for all families at annual and interim reexaminations.

Total Net Family Assets equal to or less than \$50,000 will not be considered in determining a imputed asset amount. However, the WCHA will require verification of these amounts.

#### **Self Certification of Real Property Ownership [24CFR § 5.618(b)(2)]**

The WCHA will determine whether a family has present ownership in real property for the purposes of determining if the family is in compliance with the asset limitation provision.

The family at admission and reexamination will be required to self-certify that it does or does not have any present ownership interest in any real property. In instances where it is known that the family has present ownership interest in real property, the WCHA will obtain third-party verification of ownership in accordance with 24 CFR § 5.616(b)(2).

## **Health/Medical Care Expenses, Attendant Care & Auxiliary Expenses [24 CFR §5.611(c)(1)]**

Threshold for claiming Medical/Disability/Attendant Care/Auxiliary Apparatus Expenses Increased: HOTMA increases the allowance for unreimbursed health and medical care expenses from 3% of annual income to 10%, phased-in over two years for current participant families.

1. At the family's next annual or interim reexamination, the WCHA will phase-in the increase as follows:
  - 1st twelve months – in excess of **5%** of annual income.
  - 2nd twelve months – in excess of **7.5%** of annual income.
  - After 24 months – in excess of **10%** threshold will phase in and remain in effect unless the family qualifies for General Hardship relief.
2. All new admissions will be calculated using the 10% threshold.

## **Hardship Exemption for Health/Medical Care Expenses, Attendant Care & Auxiliary Expenses - General Relief [24 CFR §5.611 (c)(2)]**

1. The WCHA will grant a 90-day general hardship exemption from the phase-in increase if the family requests and the WCHA verifies a hardship. These may include but not limited to the WCHA verifying that:
  - The family is unable to pay rent because the rent, utility payment, and applicable expenses (health and/or medical expenses) is more than 45 percent of the family's adjusted income.
  - The family has experienced unanticipated expenses, such as large medical bills, that have affected their ability to pay their rent.
  - The family is awaiting an eligibility determination for a federal, state or local assistance program, such as a determination of unemployment compensation or disability benefits.
  - The family's income decreased because of a loss of employment, death of a family member, or due to a natural or federal/state/local declared disaster.
2. If the WCHA determines that a family is eligible for general relief, the family will receive a deduction for the sum of the eligible expenses that exceed 5 percent of annual income. The family's hardship relief ends when the circumstances that made the family eligible for the relief are no longer applicable or after 90 days, whichever comes earlier.
3. Any general hardship exemption or extension thereto will expire when the hardship for the family no longer exists. The family must report when the circumstances no longer exist that have caused the hardship. Such reporting is required by the family within 15 days of the change in circumstances. The WCHA will provide 30 days' notice of the change in rent.
4. An additional extension of 90 days beyond the initial 90-day general hardship exemption may be granted if the WCHA verifies that the hardship still exists. Only one 90-day hardship extension may be granted.

## **Childcare Expense Deduction [24 CFR §5.611(d)]**

Under 24 CFR § 5.611(d), any reasonable child-care expenses necessary to enable a member of the family to be employed or to further their education are deducted from income. Reasonable child-care expenses are defined in 24 CFR § 5.603(a) and are expenses for the care of children (including foster children if the unreimbursed child-care expenses are paid from the family's annual income and not from another source, such as a stipend from the child welfare agency), under 13 years of age, when all the following statements are true:

- The care is necessary to enable a family member to be employed or to further his or her education (e.g., work, look for work, or further their education (academic or vocational)); and
- The expense is not reimbursed by an agency or individual outside the household.

The amount deducted must not exceed the amount of employment income that is included in annual income.

A family whose eligibility for the child-care expense deduction is ending may receive a hardship exemption to continue receiving a child-care expense deduction in certain circumstances when the family no longer has a member that is working, looking for work, or seeking to further their education, and the deduction is necessary because the family is unable to pay their rent. When a family requests a hardship exemption to continue receiving a child-care expense deduction that is ending, the WCHA must recalculate the family's adjusted income and continue the child-care deduction.

The amounts of unreimbursed reasonable child-care expenses deducted from a family's annual income, is expanded to include a child-care expense hardship exemption as follows:

1. The WCHA will grant a 90-day hardship exemption where the WCHA receives and verifies a hardship for the family. Such hardship includes and not limited to:
  - The family is unable to pay rent because the rent, utility payment, and applicable expenses (child care, health and/or medical expenses) is more than 45 percent of the family's adjusted income.
  - The family has experienced unanticipated expenses, such as large medical bills, that have affected their ability to pay their rent.
  - The family is awaiting an eligibility determination for a federal, state or local assistance program, such as a determination of unemployment compensation or disability benefits.
  - The family's income decreased because of a loss of employment, death of a family member, or due to a natural or federal/state/local declared disaster.
2. An additional extension of 90 days beyond the initial 90-day hardship exemption may be granted if the WCHA verifies that the hardship still exists. Only one 90-day hardship extension may be granted.
3. Any hardship exemption or extension thereto will expire when the hardship for the family no longer exists. The family must report when the circumstances no longer exist that have caused the hardship. Such reporting is required by the family within 15 days of the change in circumstances. The WCHA will provide 30 days' notice of the change in rent.

### **Additional Permissive Deductions [24 CFR § 5.611(b)(1)]**

The WCHA has chosen not to adopt any additional permissive deductions in its HCV, PBV, Public Housing, or Moderate Rehabilitation Programs

### **De Minimis errors in income determinations [24 CFR §§ 5.609(c)(4); 960.257(f); 982.516(f); 882.515 (f); 882.808(i)(5)]**

The WCHA will take corrective action to adjust the rent payment of a family where there are minimis errors in calculating the family income resulting in the overcharging of tenant rent. In the case of an HCV participant, the WCHA shall repay the amount to the participant retroactive to the effective date of the error. In the Public Housing program, a rent credit will be made that includes the amounts retroactive to the effective date of the error.

### **Interim changes in income between annual reexaminations [24 CFR §§960.257(b)(2); 982.516(c)(2); 882.515 (b)(2); 891.410]**

1. WCHA will not conduct an interim examination where there is an *increase* of less than 10% of the family's adjusted income but will note the amount in the file. A rent adjustment will not be calculated until the next reexamination unless there is an addition of a new family member or change of employment by any adult family member. Any amount calculated at 9.5% and higher will be rounded up to 10%. The WCHA will not consider any increases in earned income when estimating or calculating whether the family's adjusted income increased unless the family has previously received an interim reduction during the same reexamination cycle.
2. WCHA will conduct an interim examination where there is any *decrease* of the family's adjusted income.

### **Interim Reexaminations-Reporting changes & effective dates [24 CFR §§ 982.526(d); 960.257(b)(4)]**

Participants are required to report all changes in household composition and adjusted income within 10-days of such change. The WCHA will determine if the reported change requires an interim reexamination in accordance with HUD requirements and the policies contained herein. Where it is determined that a decrease in adjusted income will occur, the change in rent will be effective on the 1<sup>st</sup> of the month following the reported change. When there are extenuating circumstances, including, but not limited to, the inability to obtain required verifications timely or where there are serious health or disability related issues in the family that have had an effect, the WCHA will make the change retroactively as if it was reported and verified timely.

Where it is determined that an increase in adjusted income will occur, the change in rent will be effective on the first of the month following a 30-day notice by the WCHA.

### **Revocation of Consent form HUD-9886 [24 CFR §§5.230(c)(5)(iii) and 5.232(c)]**

Consent Form HUD 9886-A has been revised as of January 1, 2024. The WCHA will deny admission for any family whose adult family member revokes consent of Form HUD 9886-A, but will permit existing participant families to continue to receive assistance after revoking their consent until the next interim or annual reexamination, whichever is sooner. The WCHA will notify the HUD Pittsburgh-Buffalo field office of all revocations of consent.

### **Enterprise Income Verification (EIV) usage (24 CFR § 5.233)**

Because the WCHA will not conduct an interim reexamination where there is an increase of less than 10% of the family's adjusted income, the use of EIV New Hires Report will only occur at regular annual reexaminations. However, in instances that the WCHA receives conflicting or limited information, it reserves the right to use any EIV reports (Income Report, Zero Income Reports, New Hires Report, IVT) at any time.

### **Determination of income using other means tested public assistance – “Safe Harbor” [24CFR §§ 5.609(c)(3) and 891.105]**

In determining the family's income, the WCHA may also use the following Means Tested forms of Federal Public Assistance - “Safe Harbor”:

- Temporary Assistance for Needy Families (TANF)
- Medicaid
- Supplemental Nutrition Assistance Program (SNAP)
- Earned Income Tax Credit (EIT)
- Low-Income Housing Tax Credit (LIHTC)
- Special Supplemental Nutrition for Women, Infants and Children (WIC)
- Other programs administered by the Secretary
- Other means-tested forms of public assistance for which HUD has established a memorandum of understanding.

The WCHA will accept Safe Harbor income determinations at admission and reexamination. Where the WCHA receives multiple verifications from the same or different Safe Harbor programs, it will use the one with the most complete information with the most recent income determination.

In all cases, Safe Harbor determinations of income must be obtained by means of third-party verification and must state the family size, listing all members of the family and must state the amount of the family's annual income.

### **Earned Income Disallowance (EID) (24 CFR § 5.611)**

The Earned Income Disregard (EID) will not apply to any family who is not eligible for and already participating in the disallowance as of December 31, 2023. The EID previously allowed eligible families to have a portion of their earned income excluded from annual income for a maximum period of 24 consecutive months.

Although HOTMA eliminates the EID from HUD regulations, families who were receiving the EID benefit as of December 31, 2023, may continue to receive the full benefit until the remaining timeframe for an individual family's EID expires. Because the EID lasts up to 24 consecutive months, no family will still be receiving the EID benefit after December 31, 2025