

AGENCY BURDEN REDUCTION INITIATIVES



The Regulation: Streamlining Housing Program Eligibility Processes through Rulemaking (Department of Housing and Urban Development)

Modernizing and streamlining income reviews and eligibility determinations to reduce burden on tenants, Public Housing Agencies, housing owners, and local governments.

What is the Housing Opportunity Through Modernization Act (HOTMA) Final Rule?

Every year, the Department of Housing and Urban Development (HUD) supports millions of individuals to live in affordable housing, including low-income families, older adults, Veterans, and individuals with disabilities. To remain eligible for HUD housing assistance, individuals receiving assistance must meet certain requirements, including related to their income and assets. The Housing Opportunity through Modernization Act (HOTMA), enacted in 2016, provided HUD with an opportunity to modernize and streamline the reporting requirements for many beneficiaries of HUD housing assistance.

In February 2023, HUD published a Final Rule implementing key HOTMA provisions, including a number of burden reductions related to methods for calculating family income, defining income, establishing assets eligible families can own, and streamlining the ability of housing owners to check beneficiaries' financial records. This regulation, as well as additional outreach and assistance, will help tenants reduce the number of required interactions with Public Housing Agencies (PHAs) and make it easier to apply for and be admitted into HUD programs.

How Did HUD Build on Public Engagement To Identify Burden Reduction Opportunities?

HUD built on public engagement to develop the HOTMA Final Rule, including public comments HUD solicited on a proposed regulation in 2017, as well as additional comments solicited from the public again in 2020. In response to those comments, HUD implemented additional burden reductions in the Final Rule. For example, HUD expanded the list of means-tested public assistance programs that PHAs and housing owners can use to determine a family's eligibility for housing assistance to include benefits such as the Low-Income

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Housing Tax Credit (LIHTC), Special Supplemental Nutrition Program for Women, Infants and Children (WIC), and Supplemental Security Income (SSI). HUD also aligned requirements across HUD programs to the extent possible given statutory requirements.

What Burden Reduction Does the HOTMA Final Rule Include?

The HOTMA Final Rule includes a number of burden reduction steps across different aspects of the application and ongoing eligibility certification process. These include:

- **Using Income Evidence from Other Public Assistance Programs:** HOTMA allows PHAs and housing owners to use income determinations made under other Federal benefits programs to establish ongoing eligibility for HUD benefits, and the HOTMA Final Rule leveraged feedback from public commenters to expand the scope of Federal benefits programs to include more public assistance programs. HUD is also exploring data matching agreements with other Federal agencies that would further minimize burden by reducing families' need to separately request documentation from other agencies.
- **Reducing Reporting Requirements:** HUD exercised regulatory discretion to reduce how often PHAs and housing owners are required to verify tenants' employment and income information during regular reexaminations. This will reduce required interactions between HUD and PHAs and housing owners, as well as between tenant families and PHAs or housing owners.
- **Reducing Transactions for Small Changes in Income:** Under HOTMA, any increase in family income that is less than 10 percent does not need to be reported until the next annual recertification, sparing families the burden of interim reexamination for small fluctuations in income, and allowing families to keep more of their earnings before receiving a rent increase.
- **Eliminating Annual Consent Forms:** Families in HUD-assisted housing have traditionally been required to sign a consent form each year, which often requires each adult family member to visit the housing office to complete a form they have already previously reviewed and signed. Through HOTMA, family members only need to sign the required consent form once.

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- **Expanding Self-Certification of More Assets:** HOTMA revises the definition of annual income and raises the threshold for estimated income from assets from \$5,000 to \$50,000. This revision incentivizes families to build wealth and reduces burden on families to track down documentation for assets that are not easily computed.
- **Streamlining Documentation:** For net family assets equal to or less than \$50,000, HOTMA reduces the requirement of third-party verification from once a year to once every three years. Two out of three years, PHAs and housing owners can accept self-certification of net family assets equal to or less than \$50,000, rather than requiring additional documentation. HUD is also allowing PHAs and housing owners to use the same form that asks about tenants' property and assets to document this self-certification, eliminating the need for an additional form.

What Will American Communities and Families See as a Result of These Changes?

HUD anticipates that these changes will save millions of hours each year for families on housing assistance as well as PHAs and housing owners. As one example, HUD estimates that eliminating the annual consent form will save 10 minutes per form every year across 4.5 million households. That adds up to at least 750,000 hours of annual "time tax" returned to the American people every year. As PHAs and housing owners take advantage of additional flexibilities under HOTMA to reduce how often they ask tenants for information, families should see even more time savings as well as greater predictability regarding when and how their housing assistance might be adjusted.