



# PRACTICAL POINTS

Official Newsletter of PMCS, Inc.

SPRING 2024

## Industry Updates

### Extended HOTMA Completion Date for Policies and Procedures

The Office of Multifamily Housing Programs published a [Housing Notice](#) extending the HOTMA compliance date in Section 6.2 of [Notice H 2023-10](#) for owners to update their Tenant Selection Plan (TSP) and Enterprise Income Verification (EIV) Policies and Procedures (P&P) from March 31, 2024, to May 31, 2024.

For questions regarding this notice, please contact [MFH\\_HOTMA@hud.gov](mailto:MFH_HOTMA@hud.gov).



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# Industry Updates

## Important HOTMA Section 102 and 104 Implementation Guidance Available

Office of Housing sent [this](#) bulletin on 2/6/2024:

HUD published updates to the implementation guidance for Section 102 and 104 of the Housing Opportunity Through Modernization Act (HOTMA). This email includes:

- **New HOTMA Section 102 and 104 Implementation Guidance information;** and
- **Updated HOTMA Implementation Resources information.**

### HOTMA Implementation Guidance Information

On February 5, 2024, HUD published a revised version of the HOTMA Implementation Notice ([Notice H 2023-10](#) / [PIH 2023-27](#)). Changes from the prior version are described in section 2.1 of the revised Notice, which provides updates, clarifications, and corrections based on industry feedback.

HUD encourages owners of Multifamily project-based rental assistance programs to read the newly updated Housing Notice in full.

### Important TRACS Information

HUD will not revise TRACS version 202D to make it compliant with HOTMA; instead, all HOTMA provisions will be rolled out with the future release



of TRACS version 203A. This means that, as of the date of this message, the MFH systems and forms used to receive and process owner vouchers have not yet been updated to reflect the new HOTMA rules.

**HUD's Office of Multifamily Housing Programs strongly recommends that owners align their own HOTMA implementation timeframe with the release of 203A (anticipated Summer 2024).**

For owners who decide to implement HOTMA and other new requirements issued in the HOTMA Implementation Notice (as revised) prior to the release of 203A, please note the following guidance.

### TSP and EIV Updates

As paragraph 6.2 of [Notice H 2023-10](#) notes, an owner must update their Tenant Selection Plan (TSP) and Enterprise Income Verification (EIV) Policies & Procedures prior to implementation of HOTMA and no later than March 31, 2024 (*extended to May 31, 2024*).

### Use of Model Leases

Owner enforcement of the asset limitation is permitted only to the extent that tenants subject to the limitation have signed the new HUD-approved Model Lease; instructions to owners for renewing families under these leases is provided in paragraph 6.2 of [Notice H 2023-10](#). MFH will make these HUD-approved Model Leases available as soon as possible.

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# Industry Updates

## HOTMA Implementation Guidance Available *(continued)*

### Use of Rent Override Function

An owner who implements HOTMA prior to the release of TRACS version 203A must utilize the “rent override” function in TRACS if a family’s HOTMA-calculated tenant rent differs from their pre-HOTMA calculated tenant rent. An owner employing the rent override function must:

1. Submit accurate information in Sections B (Summary) and C (Household Information) of the 50059. Section C must accurately reflect the circumstances of the household so that HUD can continue income data-matching with other agencies;
2. Enter the data in the remaining sections D (Income Information), E (Asset Information), and F (Allowances & Rent Calculations) of the 50059 from the family’s most recent reexamination (either annual or interim); and
3. Submit non-interim transactions (see subtopic I.4 in Attachment I of [Notice H 2023–10](#)) as interim reexaminations, when applicable.

Use of the rent override function may result in the generation of specific, limited discrepancy codes, which owners may disregard. HUD has instructed Contract Administrators to process vouchers despite these specific discrepancy codes, after ensuring that all other information is correct. HUD strongly encourages owners to provide their Contract Administrators with notice that they intend to use the rent override function.

### Documentation in Tenant Files

Owners who implement HOTMA prior to the release of TRACS version 203A must annotate tenant files with the following information:

1. Which HOTMA and other [Notice H 2023–10](#) provisions were implemented, regardless of whether they resulted in a different tenant rent than would have resulted using pre-HOTMA rules (owners are cautioned that many aspects of HOTMA are interrelated; implementation of some without others may be infeasible and/or may affect tenant rents);
2. How the family’s income, assets, and mandatory deductions were determined under the implemented HOTMA provisions; and
3. If applicable, what the tenant rent would have been under the pre-HOTMA rules, and the HOTMA tenant rent amount that was entered using the “rent override” function.

As a reminder, and as stated in paragraph 6.2 of [Notice H 2023–10](#), prior to January 1, 2025, MFH Owners will not be penalized for HOTMA-

related tenant file errors during Management and Occupancy Reviews. Instead, the Contract Administrator will issue observations with corrective actions. Contract Administrators will, however, issue a finding if an owner’s TSP and EIV Policies and Procedures were not appropriately updated or made publicly available by March 31, 2024 (*extended to May 31, 2024*), as required.

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# Industry Updates

## HOTMA Implementation Guidance Available *(continued)*

### HOTMA Implementation Resources

The Office of Multifamily Housing Programs recently published a number of resources related to its implementation of the Housing Opportunity Through Modernization Act of 2016 (HOTMA).

#### **REVISED Implementation Guidance: Sections 102 and 104 of the Housing Opportunity Through Modernization Act of 2016 (HOTMA) ([Notice H 2023-10](#) / [Notice PIH 2023-27](#)) (“HOTMA Implementation Notice”)**

- Originally published on September 29, 2023, the HOTMA Implementation Notice included placeholder language in Attachment A, which covers the section 104 asset limitation. The revised Notice, posted on February 2, 2024, features full implementation guidance for the asset limitation. The Notice also includes limited additional changes, described in section 2.1, “Technical Corrections and Clarifications.”
- Importantly, Attachment A now makes clear that owners have discretion regarding whether to enforce the asset limitation for existing tenants.

#### **REVISED [List of Discretionary Policies to Implement HOTMA](#)**

- Multifamily has revised the List of Discretionary Policies to Implement HOTMA. This chart informs MFH Owners of their discretionary policy options. Where MFH Owners have such

discretion, their policies must be incorporated into their respective Tenant Selection Plan (TSP) and Enterprise Income Verification (EIV) policies by March 31, 2024 (*extended to May 31, 2024*).

#### **REVISED [Federally Mandated Exclusions from Income](#)**

- Specific sources of income are excluded by federal statute from consideration as income for purposes of determining eligibility for or benefits in a HUD program. Periodically, HUD publishes the list of exclusions in the Federal Register. On January 31, 2024, HUD published a revised list of exclusions, replacing the previously published version by adding four new income exclusions and correcting existing exclusions to identify where amounts are excluded from consideration as assets in HUD programs.

#### **REVISED [HOTMA Talking Points and Q&A for Multifamily Programs](#)**

- This resource provides background on HOTMA, describes implementation resources and where to find them, and describes key changes resulting from Multifamily’s implementation of HOTMA.

For more information about these materials or if you have additional questions about the implementation of HOTMA in Multifamily Housing programs, please email [MFH\\_HOTMA@hud.gov](mailto:MFH_HOTMA@hud.gov).



# Industry Updates

## Tenant Recertification Flexibilities

Source: [HUD Multifamily email on 3/25/2024](#)

HUD would like to remind owners/agents participating in HUD Multifamily project-based rental assistance programs of flexibilities using recertifications to help support residents who are in rent arrears, and accompanying requirements:

1. **Interim recertifications.** Tenants may request an interim recertification due to any change in family income that may affect their Total Tenant Payment (TTP) or tenant rent and assistance payment that occurred since their last income recertification. Owners **must** conduct the interim recertification within a reasonable time period after the family's request, generally not to exceed 30 days from the date a family reports changes in income to the owner.
2. **Obligation to apply adjusted rent.** When a tenant complies with the owner's interim reporting requirements, the owner/agent **must** retroactively apply any reduction in rent starting with the first day of the month after the date of the action that caused the decrease in income.
3. **Retroactive recertification.** If a tenant does not comply with the owner's interim reporting requirements and the owner discovers the tenant has failed to report the decrease in income and subsequently recertifies, any resulting rent decrease must be implemented effective the first rent period following completion of the recertification. **Rent**

**decreases may be applied retroactively at the discretion of the owner**, in accordance with the owner's conditions as established in written policy. Retroactive rent decreases may not be applied by the owner prior to the later of the first of the month following:

- a. The date of the change leading to the interim recertification of family income; or
- b. The effective date of the family's most recent previous interim or annual recertification (or initial recertification if that was the family's last examination).

Owners **must** establish as part of written policy that they will implement retroactive rent decreases in order to exercise this flexibility.

While owners/agents are responsible for setting policies prescribing when and under what conditions a family must report a change in family income or composition, HUD encourages owners to be as flexible as possible when creating such policies.

Lastly, certain hardship exceptions (e.g., minimum rent, child care expenses, etc.) may be applicable to families who fall behind on their rent obligations. In such cases, we encourage owners to review and apply their hardship exemptions towards affected families when possible.





# Industry Updates

## HUD Publishes Proposed Regulations to Reduce Barriers to HUD-Assisted Housing

Source: [HUD Multifamily email on 4/9/2024](#)

On Tuesday, April 9, 2024, the Federal Register posted on public inspection a Notice of Proposed Rulemaking from U.S. Department of Housing and Urban Development (HUD) entitled, [“Reducing Barriers to HUD-Assisted Housing.”](#) The proposed rule was [published](#) April 10 in the Federal Register.

HUD’s rule proposes that people not be automatically or categorically denied access to or be terminated from HUD-assisted housing—including public housing, Housing Choice Vouchers, and HUD multifamily housing—simply for having a criminal record. Instead, HUD is proposing that public housing agencies (PHAs) and owners of HUD-assisted multifamily housing be required, when making an admissions decision, to use an individualized assessment that only considers criminal records that are relevant to endangering health and safety of staff and residents and also provide full consideration to mitigating factors and circumstances.



The proposed rule would continue to afford discretion to PHAs and assisted housing owners, while providing direction on adopting and implementing fair, effective, and comprehensive admissions and termination policies. In so doing, the proposed rule would minimize unnecessary exclusions from HUD-assisted housing, while allowing providers to maintain the health, safety, and peaceful enjoyment of their residents, their staff, and their communities.

HUD seeks public comment on this proposed rule and invites all interested parties and members of the public to submit their views, comments, and recommendations for improvement on this proposal. Comments may be submitted electronically by June 10, 2024, through [www.regulations.gov](http://www.regulations.gov)/ or through the methods described in the proposed rule.



# Industry Updates

## HUD Publishes Methodology for Annual Inflationary Adjustments Federal Register Notice

Source: [HUD Office of Housing email on 4/17/2024](#)

On April 17th, the Office of Multifamily Housing, Public and Indian Housing, and Community Planning and Development published a joint Federal Register notice on the Methodology for Annual Inflationary Adjustments to Income Calculations in HUD Subsidized Housing

Programs. The purpose of this notice is to solicit comment on HUD's proposed methodology for deriving an Inflationary Factor from the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). This factor will be used to adjust certain values pursuant to a requirement established in the Housing Opportunity Through Modernization Act of 2016 (HOTMA) which mandates that such values be adjusted annually by inflation. The deadline for public comment is May 17th, 2024.

# Training Schedule

## EIV Series

EIV Income Reports and Fundamentals of Discrepancies | 05.09.24

Creating and Reporting EIV Repayment Agreements | 06.06.24

## Focused Topics

Industry Updates: HOTMA and TRACS 203A | 05.16.24

TRACS Fundamentals | 10.29.24

TRACS Voucher and Cert Queries | 10.31.24

## Property Management Series

New Manager 101 - Tenant Interviews | 09.05.24

New Manager 102 - Calculating Annual Income for 50059s | 09.12.24

New Manager 103 - Determining the Cash Value of Assets | 09.19.24

New Manager 104 - Expenses and Deductions | 09.26.24

Intermediate Management 201 - Waiting List & Tenant Selection | 10.03.24

Intermediate Management 202 - Income, Assets, and Expenses | 10.10.24

Advanced Management 301 - Challenging Scenarios in HUD Compliance | 10.24.24







# Did You Know?

## 2024 Income Limits Released

On April 1, 2024, HUD released the 2024 Income limits. Owners/agents of properties participating in HUD's Multifamily Housing Programs must utilize [these 2024 income limits](#) when processing Move-Ins and Initial Certifications effective April 1, 2024 or later.



For owners/agents of Low Income Housing Tax Credit (LIHTC) properties, [Multifamily Tax Subsidy Program \(MTSP\) income limits](#) **must** be implemented on the effective date or 45 days after the publication date, whichever is later, per Revenue Ruling 94-57. This means this year's MTSP income limits for the LIHTC program must be implemented no later than May 15, 2024.

Owner/Agents **must** verify the appropriate income limits are loaded into their compliance software. If Management uses a Service Bureau to process certifications, please check with the Service Bureau to verify who will be responsible for updating the data. **If PMCS is processing your property's certifications, we will be responsible for loading the appropriate income limits into your compliance software.**

## Broadband Funding for California Properties

California owners of publicly supported housing developments are now eligible for a state grant to offer affordable internet access to their residents, removing the financial barrier that keeps millions of Americans offline. The [California Advanced Service Fund \(CASF\) Broadband Public Housing Account](#) is available to low-income and publicly funded communities across California to help provide residents with free broadband service. ***Property owners can receive 100% of the capital costs to deploy a Wi-Fi network in their buildings.***

As of March 7, 2024, the California Public Utilities Commission (CPUC) voted to expand eligibility for the California Advanced Services Fund (CASF) Public Housing Account to additional California properties.

[EducationSuperHighway](#) is working with the Department of Housing and Urban Development (HUD) and the California Emerging Technology Fund (CETF) to bring awareness to the California Advanced Services Fund (CASF) Public Housing Account.







# Did You Know?

## Congress Approves Changes to the RAD Statute, Managing Multifamily Properties, and More



Source: RADblast! Issue dated 3/26/2024

### Congress Approves Changes to the RAD Statute

The recently passed FY2024 Appropriations Act funding HUD and other agencies adopted certain RAD improvements, including:

- **Extending the September 30, 2024, sunset date, by which public housing authorities (PHAs) can apply for RAD through September 30, 2029.** This change will give PHAs more time to carry out the necessary and important resident engagement activities prior to applying for RAD and allow PHAs pursuing large scale, multi-year redevelopment of public housing properties to keep their commitments to their communities. As always, PHAs can submit an application to reserve RAD conversion authority through the [RAD Resource Desk](#). The latest RAD rents can be accessed [here](#).
- **Allowing for the continued availability of services for residents following a public housing conversion to project based rental assistance (PBRA) or project based vouchers (PBV) under RAD.** This change will guarantee that resident services funding under the Jobs Plus, Resident Opportunities for Self-Sufficiency (ROSS), and Congregate Housing Services Program (CHSP) programs awarded to public housing properties prior to conversion, may continue to operate fully and, as appropriate, be eligible for renewal at the completion of the grant term.
- **Simplifying the execution of RAD/Section 18 Blends and ensuring that all units are fully covered under the RAD protections.** The change authorizes the conversion into RAD PBRA or PBV contracts of the budget authority associated with Tenant Protection Vouchers (TPV) authorized following a Section 18 approval. The authority also permits previously converted properties that have both a PBV and a PBRA contract to combine those contracts onto the PBRA platform.
- **Authorizing the budget-neutral conversion for properties assisted under Senior Preservation Rental Assistance Contracts (SPRACs).** This will permit SPRAC properties to fully operate under standard Section 8 requirements.

HUD will develop implementation guidance for each of these changes and anticipates publishing a Notice covering the first three items this year.

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# Did You Know?

## Congress Approves Changes to the RAD Statute... *(continued)*

### Feedback Requested on the Impact of the Build America, Buy America Act

The Build America, Buy America (BABA) Act requires infrastructure projects funded with certain federal dollars to follow a domestic content procurement preference. This applies to all iron, steel, manufactured products, and construction materials used in the project, and specifies that the products and materials must have been produced in the United States. BABA is intended to bolster America's industrial base, protect national security, and support high-paying jobs. In February 2024, HUD published a Request for Information seeking public input on the implementation of BABA, and the impact of compliance with BABA on HUD-assisted housing programs, particularly on the availability of materials and associated cost implications. RFI comments were due April 15, 2024.

You can find more details about BABA and its applicability to different HUD programs at <https://www.hud.gov/baba>.

### Managing HUD Multifamily Properties: Back-to-Basic Video Series

Owners and management agents of project based rental assistance properties that have converted or will soon be converting through RAD have a new training resource available. The "back-to-basics" video series provides an overview and describes the roles and responsibilities entrusted

to project owners and their management agents when owning and operating a HUD-insured or HUD-assisted property. These videos also address expectations regarding the managerial, financial, physical, and regulatory aspects of owning and operating a HUD-assisted or HUD-insured property.

[Access the videos through the HUDEXchange](#)

### RAD Resident Fact Sheets Now Available in Eight Languages



Previously available in English and Spanish, the [RAD Resident Fact Sheets](#) are now available in Korean, Vietnamese, French, Haitian Creole, Chinese, and Russian. The fact sheets are intended for residents of public housing properties that are participating in RAD and provide program information on specific topics of interest such as the RAD conversion process, resident organizing and funding, resident engagement and consultation, and many more.

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## Did You Know?

### Congress Approves Changes to the RAD Statute... *(continued)*

#### **PRACTical RAD Webinar Series: Closing Process**

HUD just released the latest in the “PRACTical RAD” video series that provides guidance to owners of Section 202 Project Rental Assistance Contract (PRAC) properties seeking to convert their rental assistance to the Section 8 platform through RAD. The latest video, [PRACTical RAD: Closing Process](#), is intended to help 202 PRAC owners understand what triggers the closing process, how closing timelines are established, who coordinates the closing process and best practices.



This is the 7th release in the [PRACTical RAD series](#). Other videos include an overview of RAD, conversion milestones, Capital Needs Assessments, supportive services, environmental reviews, and financial strategies.

#### **Resident Training Conducted with the District of Columbia Housing Authority**

On January 29th and February 7th, the Office of Recapitalization’s Resident Engagement and Protections Team held RAD-focused trainings for residents of the District of Columbia Housing Authority (DCHA), informed by feedback from residents, advocates, and the PHA. This training was the second in-person training in a new series of RAD resident-focused outreach. Held at HUD’s headquarters, the team was joined by colleagues in the Office of Public and Indian Housing, along with residents who joined both in-person and virtually. Topics covered included RAD 101, housing rules & resident rights and responsibilities, tenant organizing rights post conversion, choice mobility, family self-sufficiency and resident opportunities and self-sufficiency post conversion, and resident engagement and relocation.

If you are interested in HUD support for a training for residents in your community, please contact [rad@hud.gov](mailto:rad@hud.gov).



# Did You Know?

## New Jersey Flood Risk Notification Law Enacted

Flood risks in the state of New Jersey are growing due to the effects of climate change. Coastal and inland areas may experience significant flooding now, and in the near future, including in places that were not previously known to flood. In addition, precipitation intensity in the state of New Jersey is increasing at levels significantly above historic trends, placing inland properties at greater risk of flash flooding. These and other coastal and inland flood risks are expected to increase within the life of a typical mortgage originated in or after 2020. In response to these increasing risks across the state, the New Jersey Flood Risk Notification Law was enacted on July 3, 2023. The law requires landlords and sellers of real property to make certain disclosures concerning known and potential flood risks.

Effective March 20, 2024, Owners/Agents and Landlords of NJ rental properties must disclose the risk of flooding or potential flooding to tenants at their properties under this New Jersey Flood Risk Notification law. Owners/Agents and Landlords in New Jersey will need to access the Flood Risk Notification Tool online at <https://experience.arcgis.com/experience/d5d503eb2d3248218632570097e4efa8> and enter their project address to obtain the Flood Risk Notification Report information for their properties, which must then be disclosed on the NJ Flood Risk Notice to tenants. The NJ Flood Risk Notice must be provided to, signed and dated by each new applicant/tenant at time of move-in and must

also be provided to, signed and dated by each existing, in-place tenant prior to their next lease renewal date. Executed Flood Risk Notices must be retained in the tenant file and a copy provided to tenants.

For more information on the New Jersey flood risk notification law please visit <https://dep.nj.gov/flooddisclosure/#fema-flood-zones>.

[Landlord Flood Disclosure Notice](#)  
[Read the full text of the law](#)

## Medical Expenses: New Mileage Rates Posted for 2024

Many times, our residents have medical expenses that include automobile expenses. If you are calculating medical expenses that include that type of transportation, this is vital information. The Internal Revenue Service issued its 2024 standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical, and moving purposes.

Beginning January 1, 2024, the standard mileage rates for the use of a car (which includes vans, pickups, and panel trucks) is:

- 21 cents per mile driven for medical or moving purposes (down 1 cent from the rate for 2023)
- 67 cents per mile for business use
- 14 cents per mile driven in service of charitable organizations

Source Reference: [2024 Standard Mileage Rates](#)





# PMCS News

## PMCS Celebrates 35th Anniversary in March

March 2024 marked the 35th anniversary of PMCS! We would like to extend our appreciation to our loyal clients who have helped us achieve this milestone.

## Total Solar Eclipse in Syracuse, NY

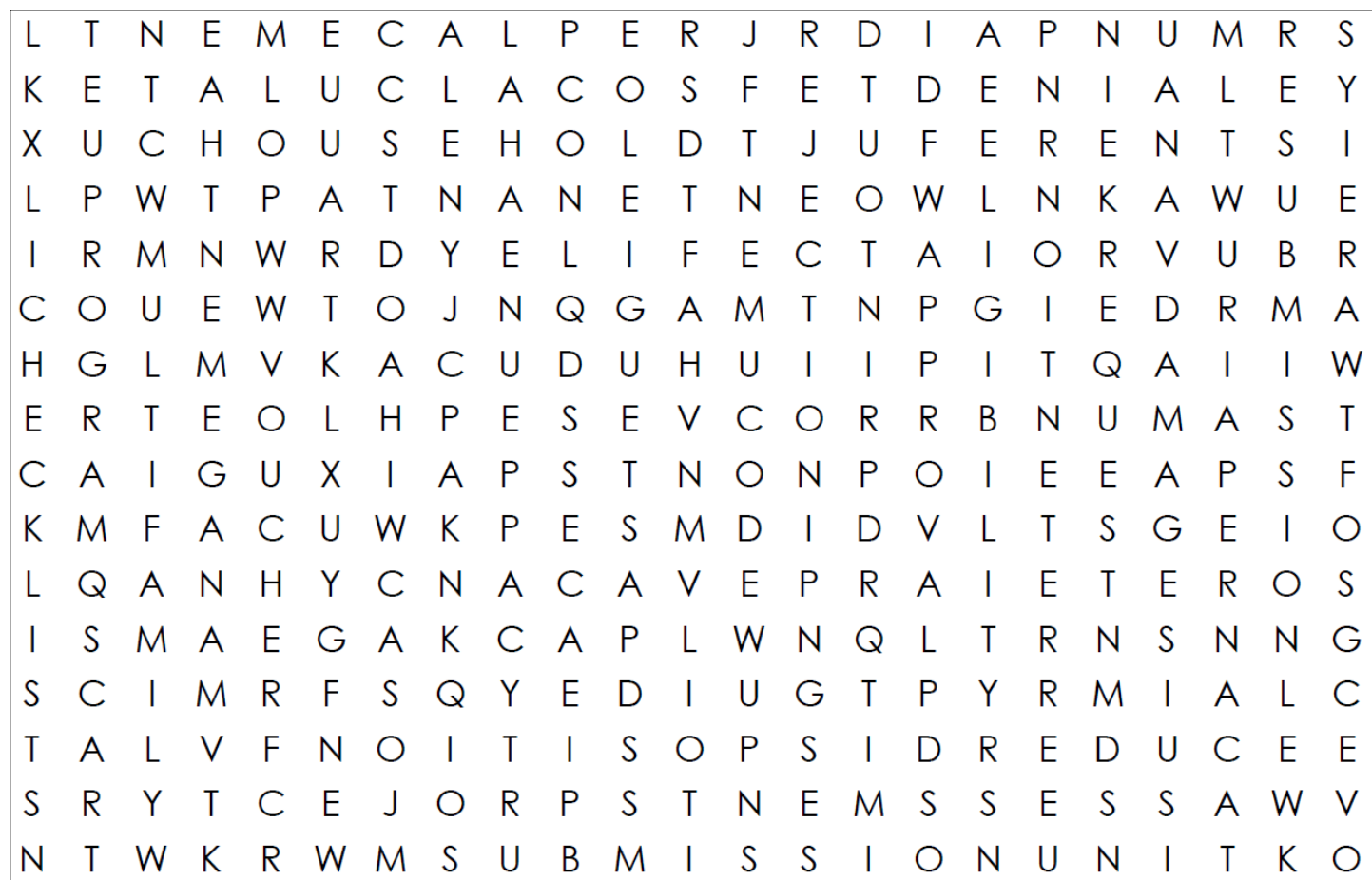
The PMCS office located in Syracuse, NY was in the path of totality during the April 8th solar eclipse. Several PMCS staff gathered on the parking garage rooftop to witness this once-in-a-lifetime event. It was an overcast day in Syracuse, but for 1 minute and 27 seconds, we experienced total darkness.





# Just For Fun!

## Special Claims Word Search



Find the following words in the puzzle.

Words are hidden     and .

ADJUSTMENT  
APPEAL  
APPROVAL  
ASSESSMENT  
CALCULATE  
CHECKLIST  
CLAIM  
DAMAGES

DENIAL  
DISPOSITION  
DOCUMENT  
ELIGIBILITY  
FILE  
GUIDE  
HAP  
HOUSEHOLD

HUD  
MANAGEMENT  
MULTIFAMILY  
PACKAGE  
PRINTOUT  
PROCESS  
PROGRAM  
PROJECT

REDUCE  
REJECTION  
RENT  
REPAIR  
REPLACEMENT  
REQUEST  
RESUBMISSION  
RETENTION

SOFTWARE  
SUBMISSION  
TENANT  
TRACS  
UNIT  
UNPAID  
VACANCY  
VOUCHER

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