

# RBD FASTFACTS—STREAMLINING & HOTMA

Including Changes Introduced Through HOTMA

Prepared for Customers of Ross Business Development, Inc.

# RBD FASTFacts–Streamlining & HOTMA

**DELETE THIS PAGE WHEN EDITS ARE COMPLETE**

Copyright 2024 Ross Business Development, Inc.  
All rights reserved. Not for duplication.

All other brands and product names are trademarks or registered trademarks of their respective owners.

Printed in the United States of America

Ross Business Development, Inc.  
3134 Shumard Way  
Marietta, GA 30064  
770-424-1806  
www.rbdnow.com

## Use of This Document

This document is designed by and remains as the possession of Ross Business Development, Inc. (RBD).

It is provided to the user as a reference document.

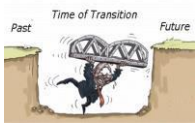
Other than by Ross Business Development, Inc., this document is not intended to be sold or given away to any other entity, to be used as a reference for policy development for another organization, to be used as a reference for training or to be incorporated as part of a corporation's written policy or as an automated solution without the express, written permission of an officer of Ross Business Development, Inc.

Without in any way limiting Ross Business Development, Inc.'s exclusive rights under copyright, any use of these materials to "train" generative artificial intelligence (AI) technologies to generate text is expressly prohibited. Ross Business Development, Inc. reserves all rights to license uses of this work for generative AI training and development of machine learning language models.

*The material contained in this document is not comprehensive of the continually emerging issues surrounding policies in HUD's multi-family housing program. Handbook guidance is derived from The HUD Handbook 4350.3 Rev 1 Change 4 released in 2013 and subsequent notices.*

*RBD makes no warranty to the usability, compliance or legality of this document. All documents should be reviewed and edited by management staff and legal counsel as appropriate.*

## RBD FASTFacts–Streamlining & HOTMA



In 2016 HUD released the first Streamlining Final Rule which introduced Streamlined Verification of Fixed Income (e.g., Social Security, Veterans Benefits, pensions, etc.). The Final Rule was explained in HSG Notice 2016-09 [Streamlining Administrative Regulations for Multifamily Housing Programs](#).

This change, along with a few other announcements and clarifications, was effective April 7, 2016.

In December, 2017, HUD introduced a Proposed Final Rule [Streamlining Administrative Regulations for Multifamily Housing Programs and Implementing Family Income Reviews Under the Fixing America's Surface Transportation \(FAST\) Act](#) adding three additional changes for Multifamily Housing programs. These included:

- Streamlined Verification of Assets valued at \$5000 or less
- Streamlined Certification for Fixed Income Families (90% or more of all income is from a fixed income source); and
- New distribution rules for Utility Reimbursements (UR) when UR is \$45 or less per quarter

These changes became effective March 12, 2018.

On May 7, 2020, after receiving comments from the industry, HUD released the Final Rule [Streamlining Administrative Regulations for Multifamily Housing Programs and Implementing Family Income Reviews Under the Fixing America's Surface Transportation \(FAST\) Act](#).

In this Final Rule, HUD addresses comments from the industry related to the Proposed Final Rule described above.

Included is a change to the rules regarding Streamlined Certification for Fixed Income Families. When creating certifications in Year 2 and Year 3 of Streamlined Certification, HUD will allow owner/agents to use Streamlined Verification of Fixed Income and allow owner/agents to use previous year's values for income that is not fixed (e.g., gift income).

This change to the Interim Final Rule became effective June 8, 2020.

### **STREAMLINED VERIFICATION OF ASSETS**

The Streamlining Final Rule provides property managers with more flexibility when verifying assets and income from assets.

Originally, when Streamlined Verification of Assets was introduced, the threshold for the Cash Value of Assets was \$5,000. With the implementation of HOTMA (effective 1/1/2024 and implemented no later than 1/1/2025), the new threshold is \$50,000. Owner/agents should note that this amount may be adjusted annually for inflation by HUD).

Starting 1/1/2024, when total Cash Value of Included Assets is \$50,000.00 or less, third-party verification of asset values and income from assets can be simplified.

When the Net Cash Value of All Assets is \$50,000.00 or less, the OA conducts traditional verification to determine the Cash Value of Assets/Income from Assets in Year 1.

At Annual Recertification or Interim Recertification – for three years - the OA may accept a family's declaration that the Net Cash Value of Included Assets is \$50,000.00 or less and may accept a family's self-certification of the Anticipated Income from those assets.

## RBD FASTFacts–Streamlining & HOTMA

The OA is not required to take additional steps to verify the accuracy of the declaration.

With the implementation of HOTMA, the owner/agent may elect to accept Self-certification of Assets at Move-in. If the owner/agent opts to adopt this policy, this must be described in the property Tenant Selection Plan.

### **CREATING AN ASSET SELF-CERTIFICATION FORM**

OAs are going to have to create a new form to obtain the self-certifications.

### **STREAMLINED DETERMINATION OF FIXED INCOME**

Verification of Income and Certification is now easier when families receive income from a Fixed Income Source.

#### **FIXED INCOME SOURCE**

“Family member with a fixed source of income” is defined as a family member whose income includes periodic payments at reasonably predictable levels from one or more of the following sources:

- Social Security, Supplemental Security Income, Supplemental Disability Insurance;
- Federal, state, local, or private pension plans;
- Annuities or other retirement benefit programs, insurance policies, disability or death benefits, or other similar types of periodic receipts; or
- Any other source of income subject to adjustment by a verifiable COLA or current rate of interest.”

#### **STREAMLINED DETERMINATION OF FIXED INCOME**

Streamlined Income Determination applies to Section 8 (not Mod Rehab), HCV/PBV, 202/811 and PH programs. It does not apply to 236, Rent Supp, or 221(d)(3) or (d)(5) programs.

The Streamlining Final Rule requires that third-party verification of all income amounts must be obtained for all family members in accordance with HUD requirements outlined in Chapter 5 of HH 4350.3 or subsequent Notices.

Third-party verification of all Fixed Income can be obtained for all family members every three years instead of annually. This is true for any family with a Fixed Income source.

In lieu of third-party verification, a new Streamlined Verification allows OAs to apply:

- A verified Cost of Living Adjustment (COLA) or
- Interest rate adjustment specific to that income

The verification of the COLA or current interest rate applicable to each source of Fixed Income must be obtained either from a public source (e.g., SSA.gov web site) or from resident-provided, third-party generated document. (e.g., an annuity policy providing a fixed percentage annual increase).

#### **Example Streamlined Calculation of Fixed Income: Senior family – One household member (HUD Only – no LIHTC)**

100% of annual income is fixed – \$585.00 SS \$1200.00 VA Pension

Direct Express = \$700

Checking Account Average Balance = \$1200

## RBD FASTFacts–Streamlining & HOTMA

### Year 1 - 2023

- ✧ Resident completes questionnaire/certification of income sources – indicates SSA and VA are only source of income
- ✧ Use EIV to Verify SSA
- ✧ Use Medicare premium from printout
- ✧ Use Medical expense receipts for any other medical expenses (proof of prior year expenses does not have to be less than 120 days old – residents may collect receipts throughout the year)
- ✧ Obtain a VA Award Letter that is not more than 120 days old
- ✧ Verify Assets (Checking Account/Direct Express)
- ✧ Complete AR

### Year 2 – 2024

- ✧ Resident completes questionnaire/certification of income sources – nothing has changed
- ✧ Use EIV to Verify SSA
- ✧ Use Medicare premium from EIV if Buyout Indicator is set to N
- ✧ Use Medical expense receipts for any other medical expenses (proof of prior year expenses does not have to be less than 120 days old – residents may collect receipts throughout the year)
- ✧ Copy previous year VA Award Letter
- ✧ Visit <https://militarybenefits.info/cola-cost-of-living-adjustments/>
- ✧ Print out information re: 2024 COLA
- ✧ Calculate new VA Benefit
- ✧ Resident Self Certifies Assets
- ✧ Complete AR

### Year 3 – 2025

- ✧ Resident completes questionnaire/certification of income sources – nothing has changed
- ✧ Use EIV to Verify SSA
- ✧ Use Medicare premium from EIV if Buyout Indicator is set to N
- ✧ Use Medical expense receipts for any other medical expenses (proof of prior year expenses does not have to be less than 120 days old – residents may collect receipts throughout the year)
- ✧ Copy 2024 VA Calculation Information
- ✧ Visit <https://militarybenefits.info/cola-cost-of-living-adjustments/>
- ✧ Print out information re: 2025 COLA
- ✧ Calculate new VA Benefit
- ✧ Resident Self Certifies Assets
- ✧ Complete AR

### Year 1 – 2026

- ✧ Resident completes questionnaire/certification of income sources – indicates SSA and VA are only source of income
- ✧ Use EIV to Verify SSA
- ✧ Use Medicare premium from EIV if Buyout Indicator is set to N
- ✧ Use Medical expense receipts for any other medical expenses (proof of prior year expenses does not have to be less than 120 days old – residents may collect receipts throughout the year)
- ✧ Obtain a VA Award Letter showing 2026 award amount (can be used for entire year)
- ✧ Verify Assets (Checking Account/Direct Express)
- ✧ Complete AR

## RBD FASTFacts–Streamlining & HOTMA

### **INCOME VERIFICATION THAT IS SIMPLIFIED DUE TO CHANGES TO FIXED INCOME VERIFICATION**

Using the new methods to determine annual income from fixed income described in the Streamlining Final Rule is optional.

This works for Social Security income, but there are a lot of other fixed income sources.

- State SSI
- Survivor's Benefits
- Resident Not Verified or Failed Verification (EIV Summary Report)
- Veteran's Benefits including VA Disability
- Annuity Income
- Railroad Retirement or Other Retirement
- Welfare Payment or Other State Payments

These are just some examples of situations where the Streamlining Final Rule makes the verification process easier.

### **STREAMLINED RECERTIFICATION PROCESS FOR FIXED INCOME FAMILIES**

Fifty-three percent of households receiving HUD's housing assistance, are Fixed Income Families; at least 90 percent of the total income is from fixed-income sources. For Fixed Income Families, OAs are required to conduct full income recertification every 3 years instead of annually.

All families are still required to complete the Annual Recertification process every year.

#### **Fixed Income Family**

Fixed Income Family: Households with at least 90 percent of their income from fixed-income sources (53 percent of all households), or 2.5 million of 4.7 million households in the HCV, PH, and PBRA programs being eligible to benefit from this Interim Final Rule. For example:

- Single member household - Bethany Brevard
- Ms. Brevard receives \$950 per month from Social Security = \$11400/annual
- Ms. Brevard receives \$100 per month as gift income from her granddaughter = \$1200/annual
- Total household Annual Income = \$12600
- Income from Fixed Income Source = \$11400
- Income from Income Source that is Not Fixed = \$1200

To determine if 90% of household income is fixed, divide Fixed Income by Total Annual Income

$$\$11400/\$12600 = 90.4761$$

This is a Fixed Income Family because at least 90% of the household income is from a fixed income source.

If an owner/agent implements Streamlined Certification, the owner/agent will be able to reduce the burden of the Annual Income Review, in years 2 and 3:

- By applying a COLA or fixed percentage increase to Fixed Income sources
- By accepting self-certification of Income Amounts That Are Not Fixed or Using Last Year's Income

Owner/agents may, but are not required to, verify Income that is Not Fixed in years where no Fixed Income review is required. Owner/agents may use the value of income that is not fixed shown on the most recent 50059.