JBG CONSULTING SERVICES

Rocky Mountain AHMA 43rd Annual Conference

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Basics of HUD Occupancy

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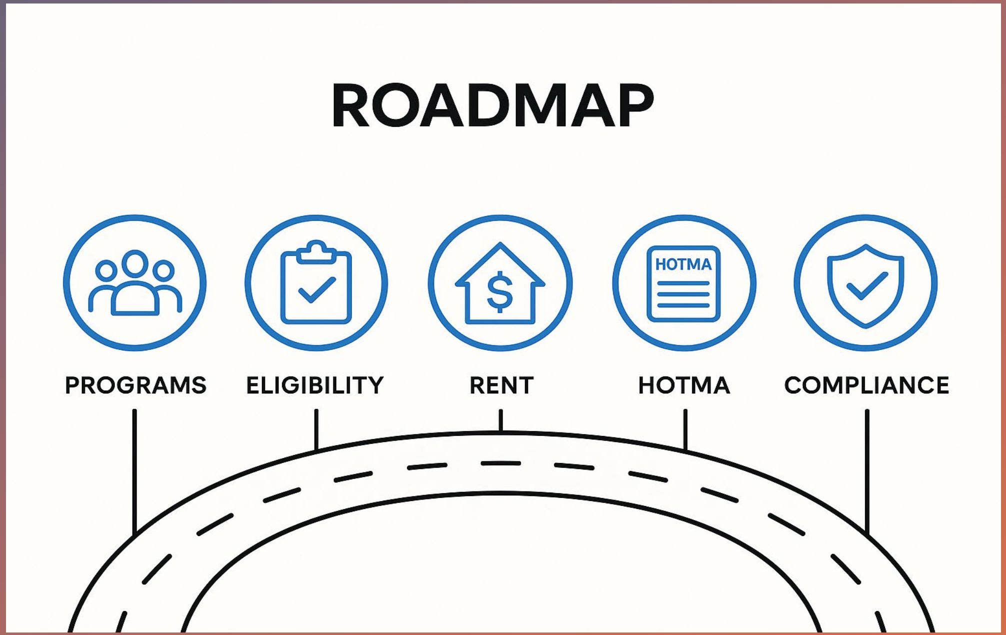
Learning Objectives



By the end of this session, you will be able to:

- Describe HUD's multifamily program structure.
- Apply basic eligibility and rent determination rules.
- Identify required documentation for compliance.
- Explain how HOTMA will change HUD Occupancy.

HUD Program Overview

HUD Housing Assistance Overview

Diverse Programs

HUD offers various housing assistance programs for low-income households, seniors, and people with disabilities.

Eligibility Factors

Criteria include income limits, family size, and local housing market conditions.

Application Process

Apply through local public housing agencies (PHAs) or designated authorities.

HUD’s Role in Affordable Housing

HUD = U.S. Department of Housing & Urban Development.

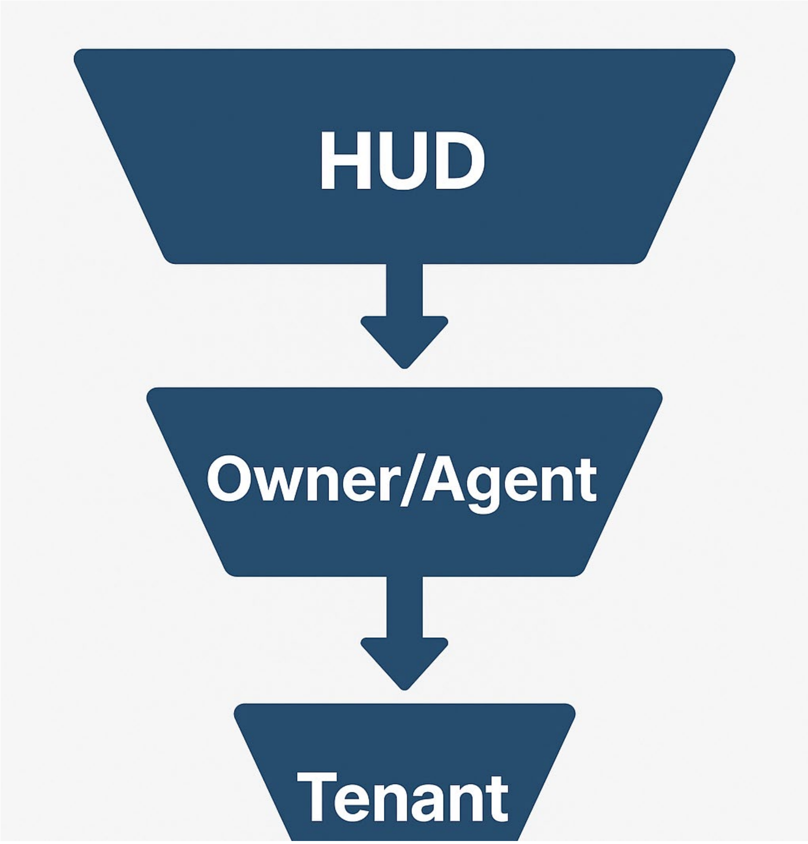
Provides rental subsidies through contracts with Owners/Agents.

Goal: Safe, decent, affordable housing for low-income households.

Types of HUD Multifamily Programs

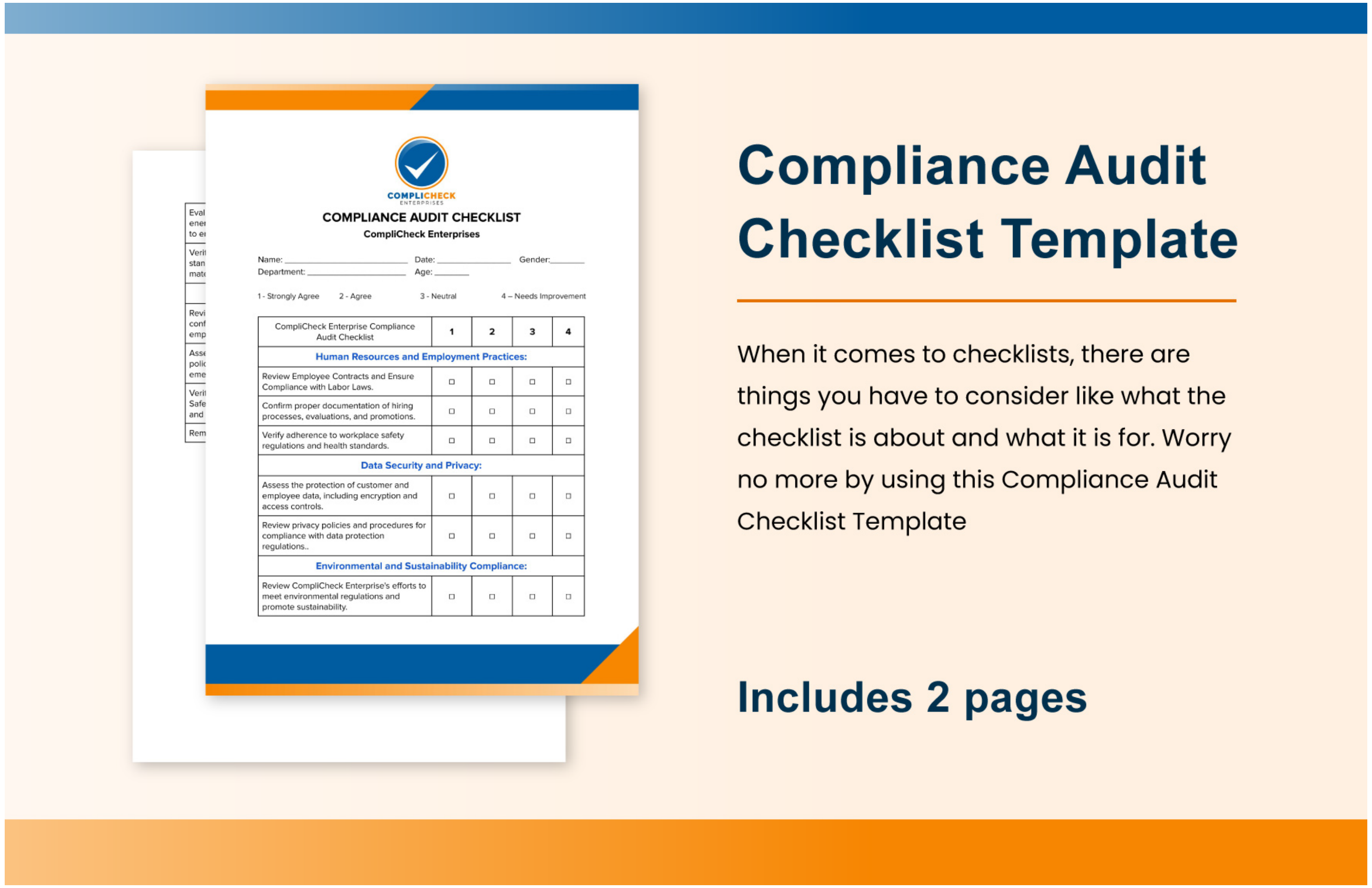
Program	Primary Purpose	Target Population	Type of Assistance	Notes
Section 8 Project-Based Rental Assistance (PBRA)	Provides rental subsidies tied to specific units in privately-owned properties	Low-income families, seniors, and persons with disabilities	HUD pays the difference between tenant rent (30% of income) and contract rent	Tenants must live in PBRA-designated units; not portable
Section 202 Supportive Housing for the Elderly	Develops and provides affordable housing with supportive services for seniors	Very low-income elderly households (62+)	Capital advances to nonprofits + rental assistance	Includes supportive services such as transportation, meals, and case management
Section 811 Supportive Housing for Persons with Disabilities	Provides affordable housing and support for persons with disabilities	Very low-income persons (18–62) with disabilities	Capital advances to nonprofits + rental assistance	Focused on independent living with access to supportive services
RAP / Rent Supplement (Legacy Programs)	Early HUD programs to provide rental subsidies	Low-income families and individuals (pre-1970s programs)	HUD paid landlords directly to cover part of rent	Phased out, but some legacy contracts still exist and have converted into PBRA or other forms

Flow of Subsidy

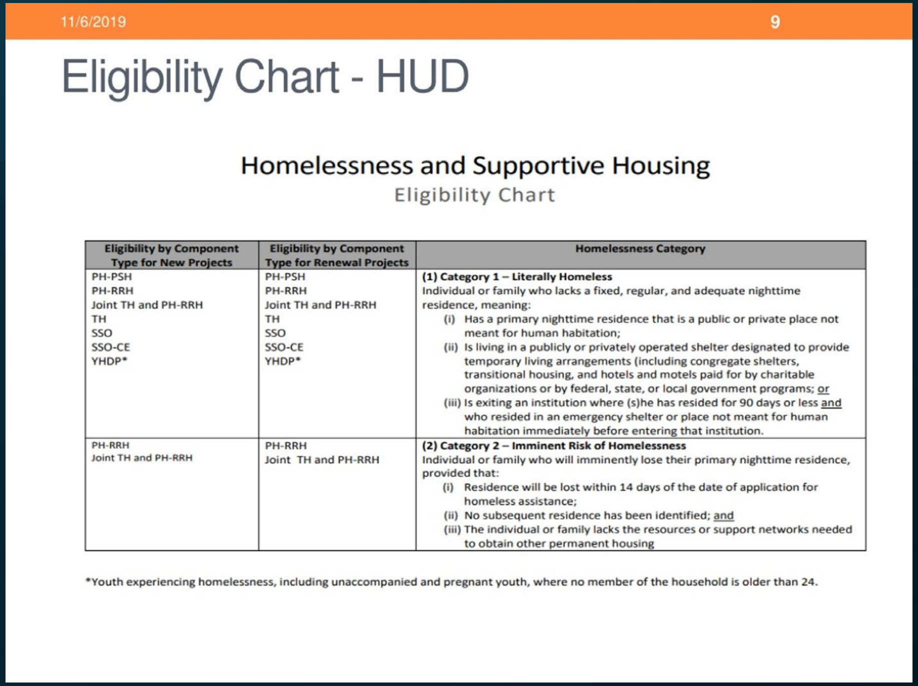


Owner/Agent Responsibilities

- Maintain complete tenant files.
- Ensure accurate rent and subsidy calculations.
- Follow HUD Handbook 4350.3 rules.
- Cooperate with reviews (MORs, audits).



Eligibility & Application Process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Eligibility Chart - HUD

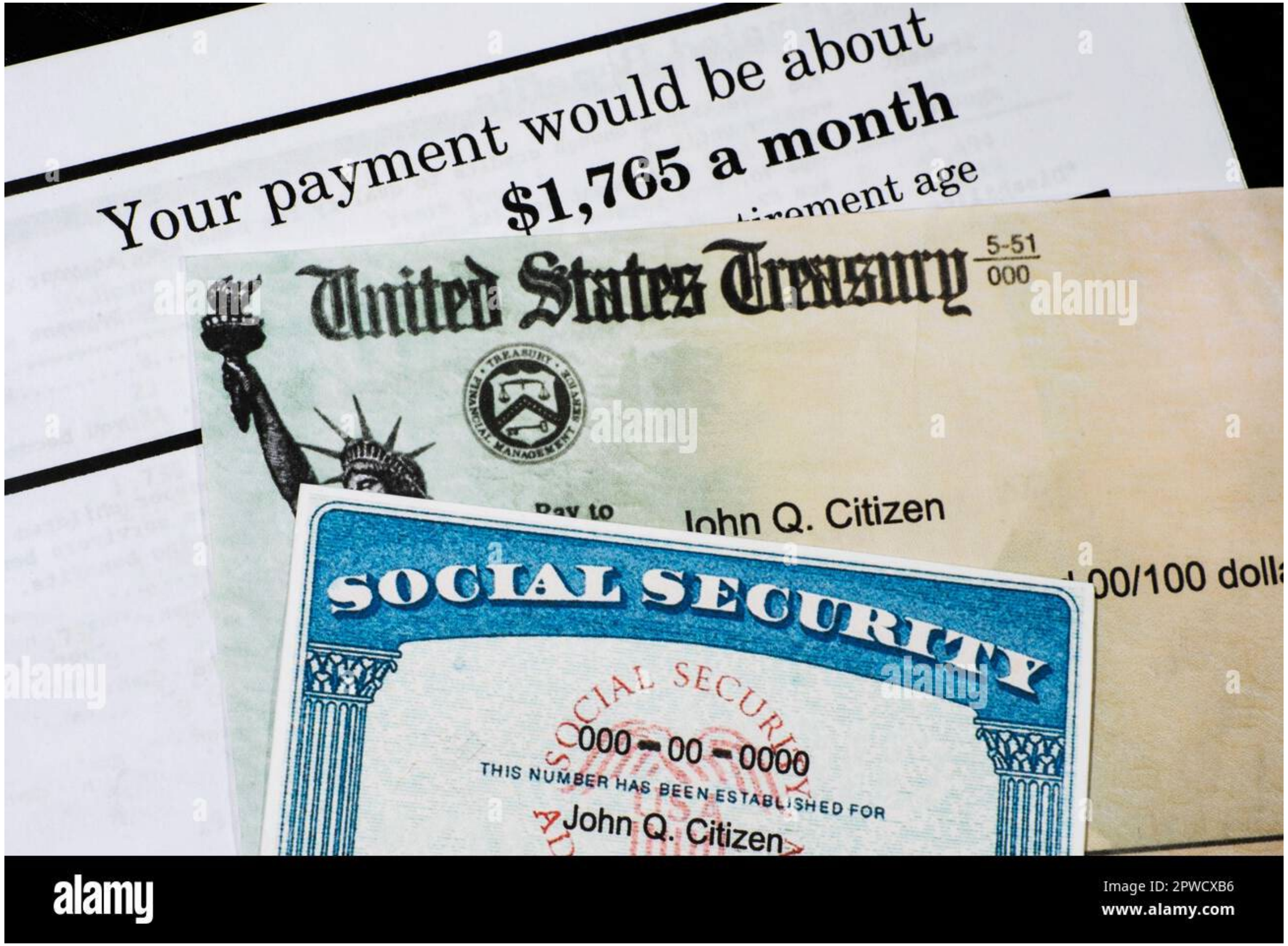
Homelessness and Supportive Housing
Eligibility Chart

Eligibility by Component Type for New Projects	Eligibility by Component Type for Renewal Projects	Homelessness Category
PH-PSH PH-RRH Joint TH and PH-RRH TH SSO SSO-CE YHDP*	PH-PSH PH-RRH Joint TH and PH-RRH TH SSO SSO-CE YHDP*	**(1) Category 1 – Literally Homeless** Individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning: (i) Has a primary nighttime residence that is a public or private place not meant for human habitation; (ii) Is living in a publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs; or (iii) Is exiting an institution where (s)he has resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.
PH-RRH Joint TH and PH-RRH	PH-RRH Joint TH and PH-RRH	**(2) Category 2 – Imminent Risk of Homelessness** Individual or family who will imminently lose their primary nighttime residence, provided that: (i) Residence will be lost within 14 days of the date of application for homeless assistance; (ii) No subsequent residence has been identified; and (iii) The individual or family lacks the resources or support networks needed to obtain other permanent housing

*Youth experiencing homelessness, including unaccompanied and pregnant youth, where no member of the household is older than 24.

Eligibility Basics

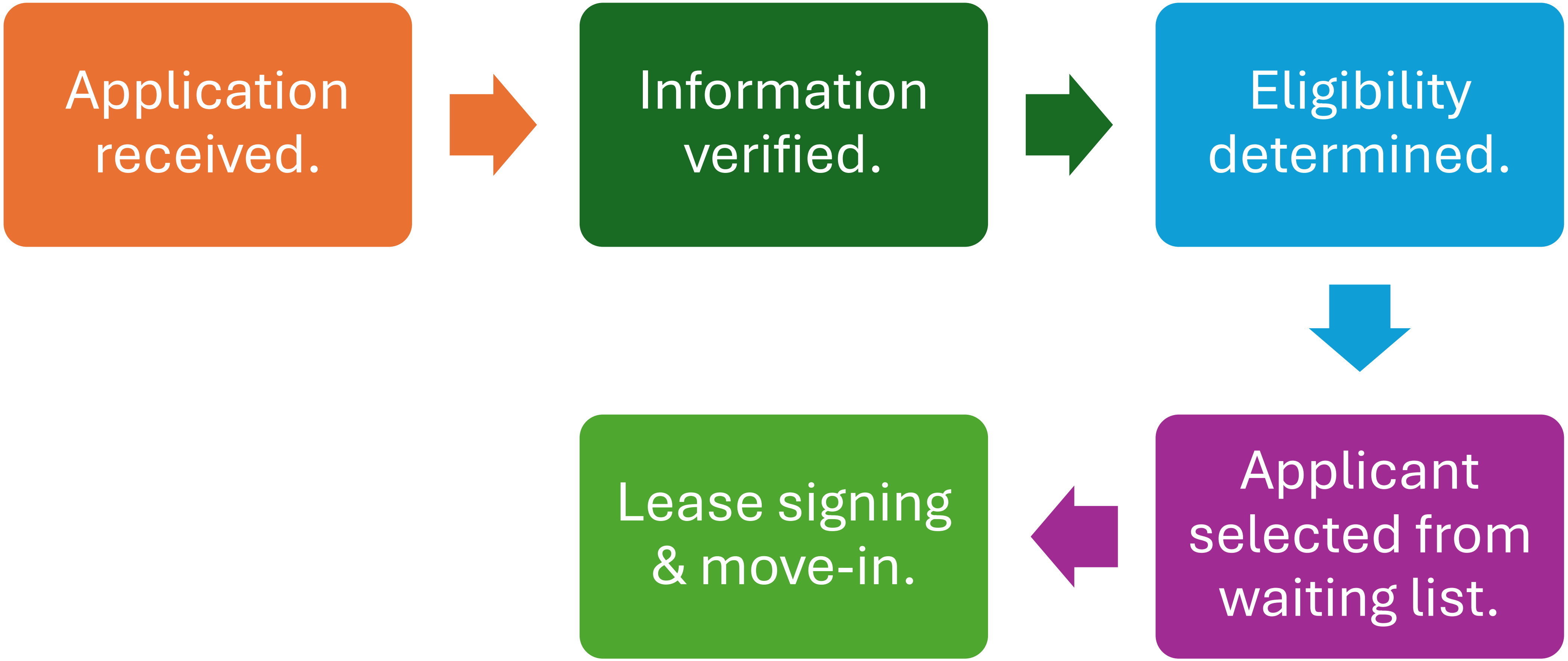
- At least one household member must:
  - Be a U.S. citizen or eligible immigrant.
  - Provide a valid Social Security Number (or certify exemption).
- Household income ≤ HUD income limits (typically 50% or 80% AMI).



Preferences & Waiting List

- Federal preferences may apply (e.g., involuntary displacement).
- Owners/Agents may adopt local preferences (with HUD approval).
- Waiting lists must follow:
- Fair Housing laws.
- Affirmative Fair Housing Marketing Plan (AFHMP).

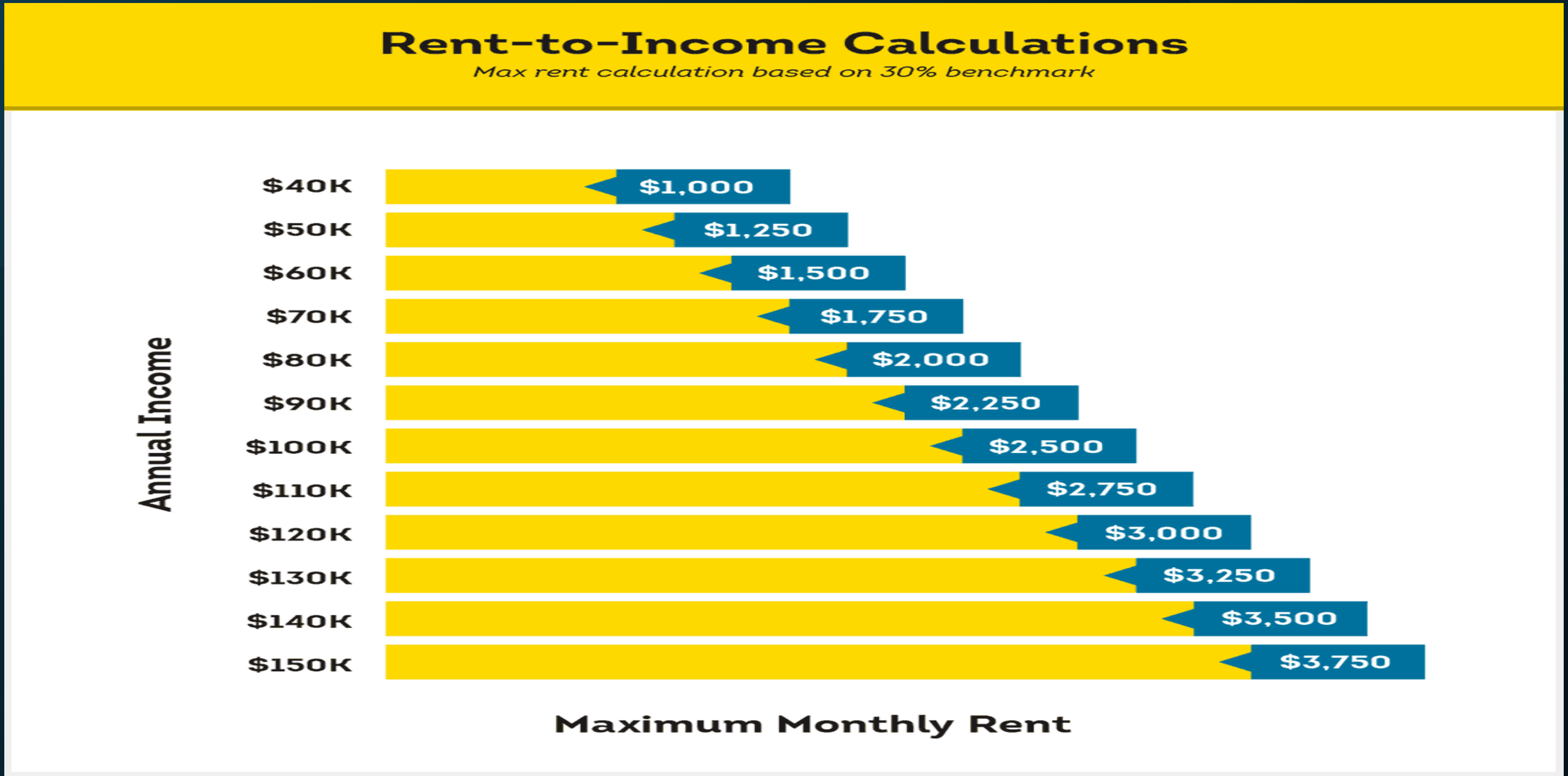
Application Flow



Mini Scenario

- *Applicant: Maria, single parent with 2 children*
- Income: $22,000/year.
- Student loan debt: $8,000.
- No assets.
- U.S. citizen.
- Question: Is this household eligible for HUD PBRA?

Income & Rent Determination



What Counts as Annual Income

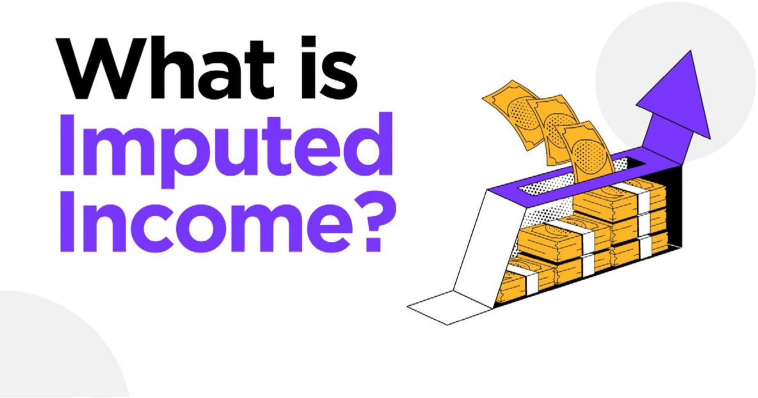
- Wages, salaries, tips.
- Social Security, pensions, retirement.
- Unemployment, disability benefits.
- Regular contributions/gifts.

What is Not Counted

- Employment income of children under 18.
- Lump-sum additions (inheritance, insurance settlements).
- Foster care payments.
- SNAP, WIC, school lunch benefits.

Assets & Imputed Income

- Assets include: checking, savings, investments, property.
- Actual income from assets must be counted.
- If total assets > $5,000 → use greater of:
    - Actual income, or
    - Imputed income at HUD passbook rate.

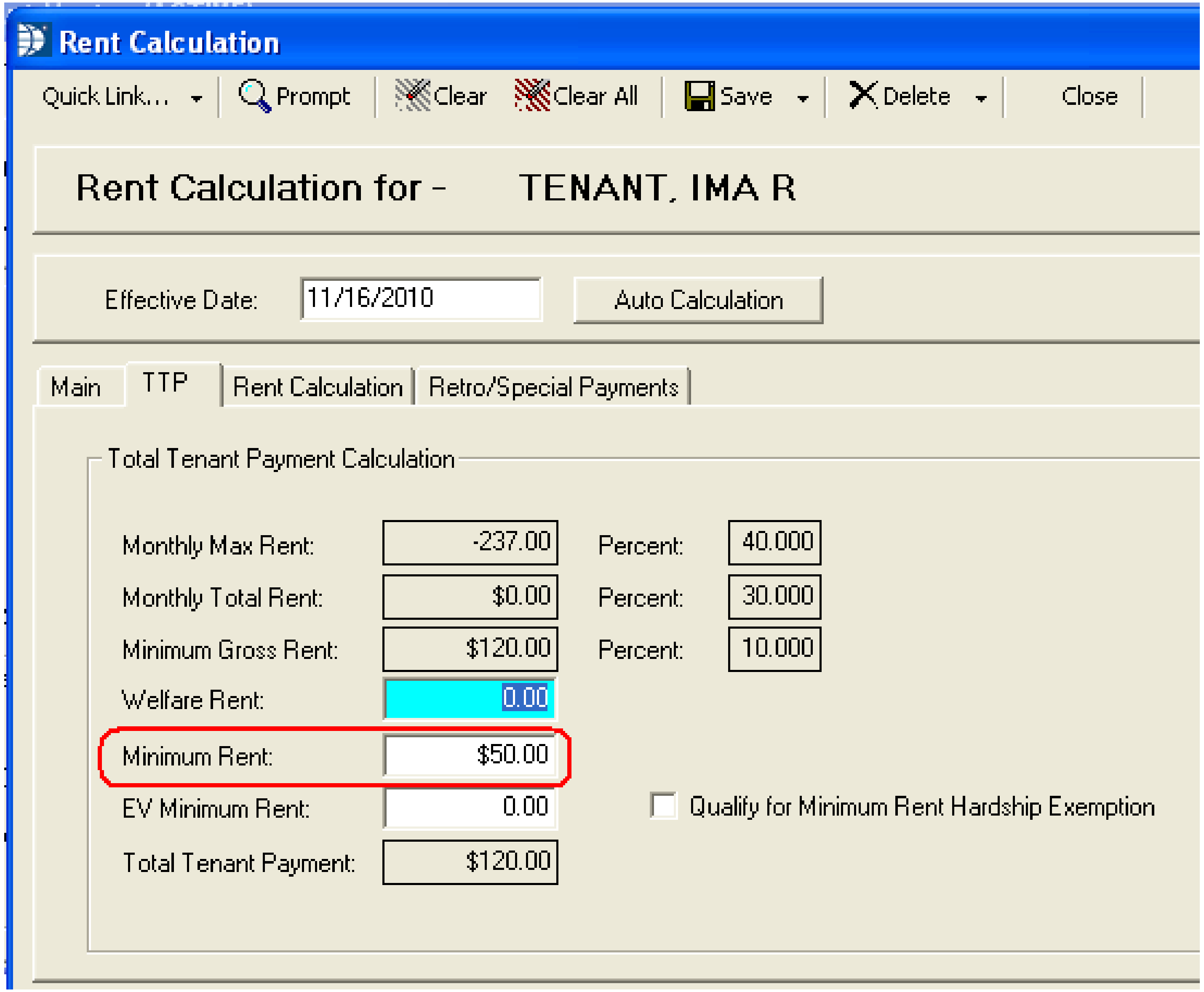


Adjusted Income: Deductions

- $480 for each dependent.
- $400 for elderly/disabled household.
- Unreimbursed medical expenses >3% of income.
- Childcare expenses if necessary for work/school.

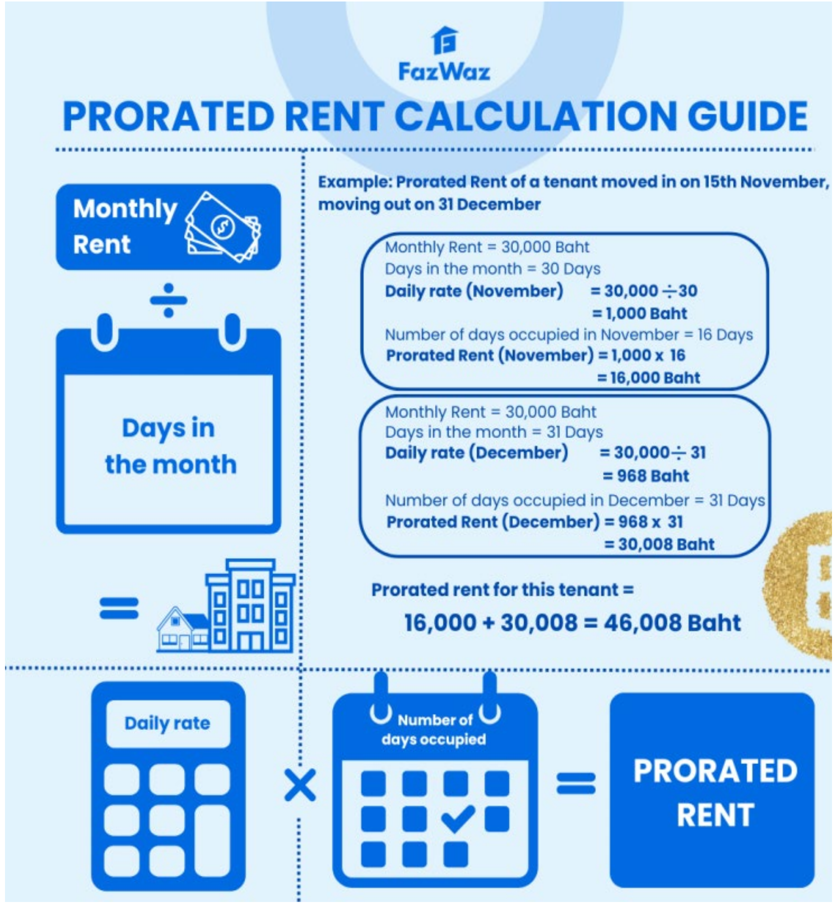
Rent Calculation Basics

- Tenant Rent = **Total Tenant Payment (TTP)** = greater of:
  - 30% of adjusted monthly income, OR
  - 10% of gross monthly income, OR
  - Minimum rent set by HUD/Owner (if applicable).



Example: Rent Calculation

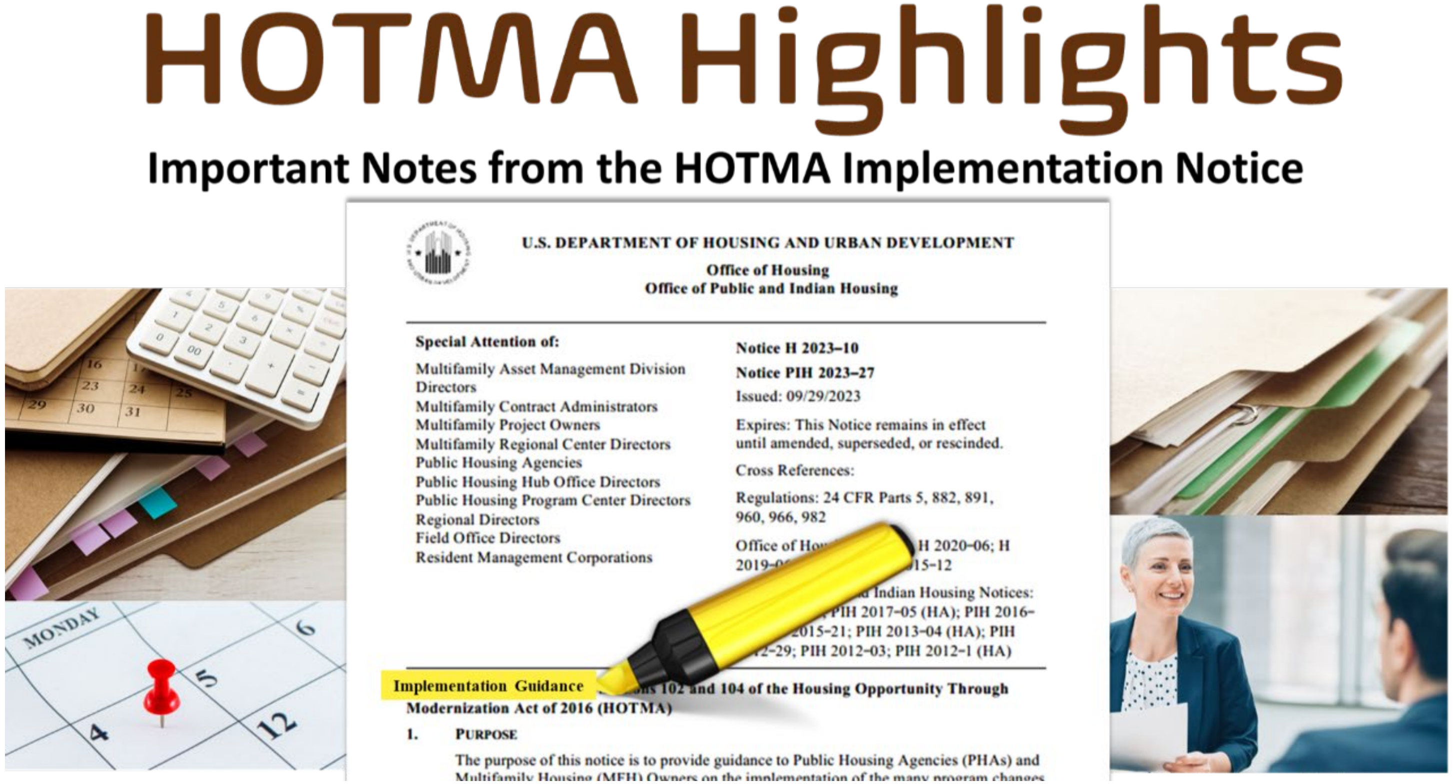
- Household Income = $24,000/year
  Adjusted Income (after deductions) = $21,000/year
  - Adjusted monthly = $1,750 → 30% = $525
  - Gross monthly = $2,000 → 10% = $200
  - **Tenant Rent = $525**



HOTMA Update

HOTMA Overview/Multifamily ONLY

- Housing Opportunity Through Modernization Act (HOTMA)
- Major updates: Sections 102 & 104
- Impacts income, assets, deductions, recerts
- **Mandatory compliance: January 1, 2026**
- Applies to HUD Multifamily Housing Programs



HOTMA Key Changes

Asset threshold: Imputed income only if assets > **$51,500 (2025)**

(Adjusted annually for inflation)

Medical deduction threshold: From >3% → now >10% of income.

Elderly/Disabled deduction: $400 → **$525**.

Interim recerts: Mandatory if household income ↑10%+.

Student rule clarified.

Effective Date: Jan 1, 2026

Before vs. After HOTMA

Before HOTMA (Now)	After HOTMA (Jan 1, 2026)
Imputed income if assets > $5,000	Imputed income if assets > **$51,500 (2025)**, inflation-adjusted
Medical deduction: >3% of income	Medical deduction: >10% of income
Elderly/disabled deduction = $400	Elderly/disabled deduction = $525
Interim recert: optional/discretionary	Interim recert: mandatory if income ↑10%+

Compliance & Documentation

File Documentation Requirements

- Tenant files must support:
  - Eligibility determinations
  - Income & asset verifications
  - Rent calculations (50059s)
- Documents must be current, complete, and signed.

MOR Hot Spots

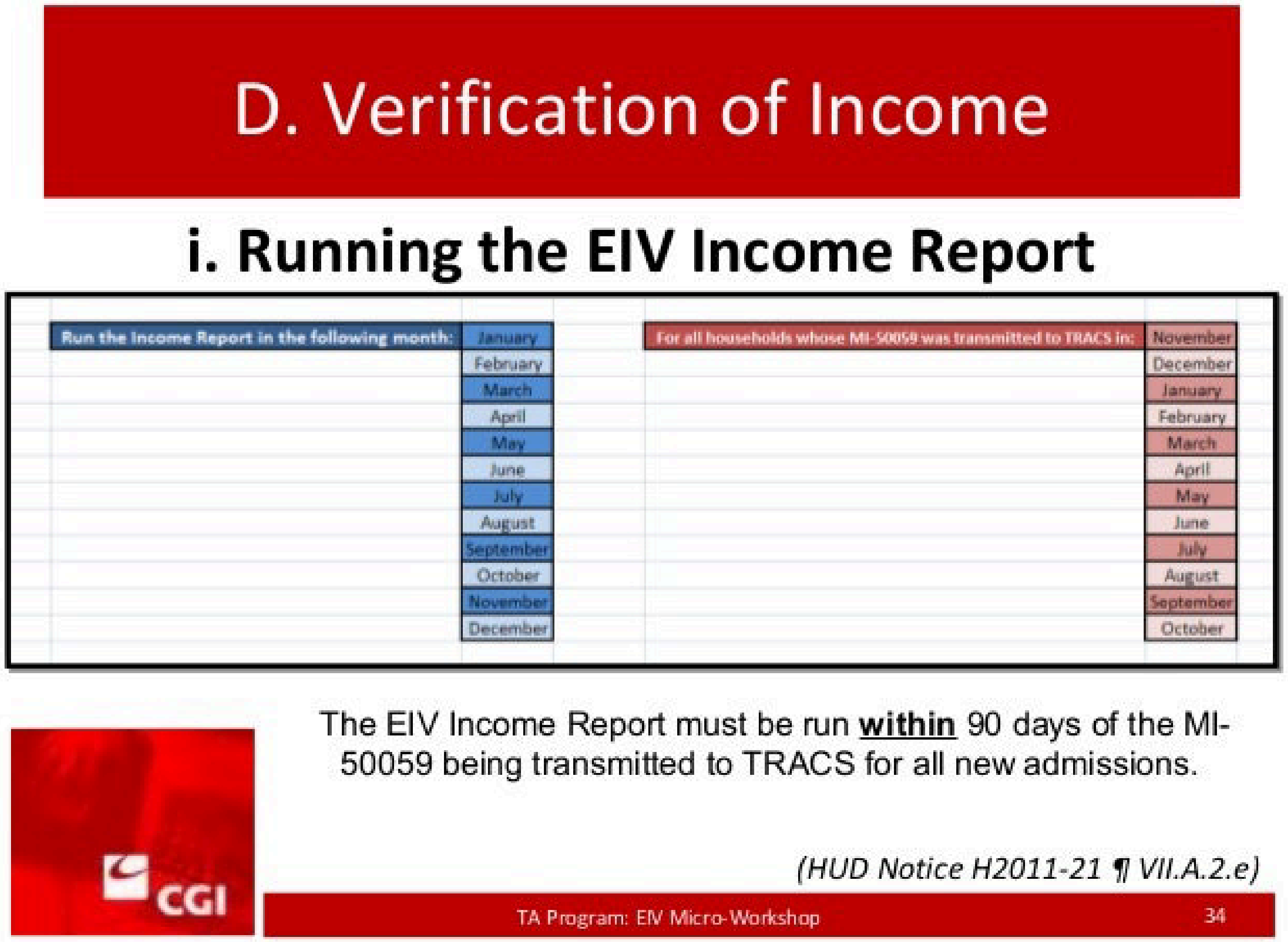
- Common findings during Management & Occupancy Reviews (MORs):
  - EIV reports missing or not signed.
  - 50059s missing household/owner signatures.
  - Rent calcs inconsistent with supporting docs.
  - Verification forms expired or incomplete.

Best Practices for Compliance

- Use file checklists consistently.
- Standardize verification procedures.
- Document interim actions clearly.
- Perform regular internal audits.
- Train staff continuously.

EIV in Compliance

- EIV = Enterprise Income Verification system.
- Required uses:
  - Existing Tenant Search (before move-in).
  - Income reports (at recertification).
  - Identity verification.
- Must be printed, signed, and filed.



Run the Income Report in the following month:	For all households whose MI-50059 was transmitted to TRACS in:
January	November
February	December
March	January
April	February
May	March
June	April
July	May
August	June
September	July
October	August
November	September
December	October

Case Study: Apply the Rules

- **Household A**
- Elderly household, 2 members
- Income = $20,000/year (Social Security + pension)
- Assets = $45,000 (CDs and savings account)
- Medical expenses = $2,500/year
- **Question:**
- What is the adjusted income **under current rules**?
- How will HOTMA (Jan 1, 2026) change the calculation?

Key Takeaways

HUD Occupancy = eligibility + rent determination + compliance.

Files must document everything ("If it's not written, it didn't happen").

HOTMA changes begin **Jan 1, 2026** – prepare policies now.

Internal audits & training = best defense for MORs.

Resources & Q&A

- HUD Handbook 4350.3 REV-1
- HOTMA Final Rule (2023)
- HUD Multifamily Housing Notices & FAQs