

implementing most of the remaining provisions under HOTMA was published in the Federal Register on February 14, 2023. This final rule revised HUD regulations to implement Sections 102 and 104 of HOTMA, which must be applied to the HCV program.

Because of the Housing Commission's designation as an MTW agency and the existing MTW initiatives in place, many of the HOTMA changes will not apply to the Housing Commission's programs, as they only apply to HUD programs administered under traditional Section 8 HCV rules. Currently the Housing Commission is not operating any housing programs required to follow traditional Section 8 HCV rules; however, HUD requires PHAs to add the mandatory HOTMA rules applicable to a traditional Section 8 HCV program in their Administrative Plans. Many HOTMA changes were included and approved by the Housing Commission Board in the FY 2024 Administrative Plan. HUD released additional guidance in October 2023, and the remaining required changes are included in the proposed FY 2025 Administrative Plan. The Housing Commission intends to implement all required HOTMA policies with reexaminations effective January 1, 2025, pending HUD's adoption of the Housing Information Portal, which HUD has stated must occur prior to a PHA's implementation of HOTMA to successfully transmit required family, household and income information to HUD.

The Section 8 HCV program proposed changes must be added to the Section 8 Housing Choice Voucher Administrative Plan (Attachment 1) prior to their implementation. The proposed FY 2025 Administrative Plan includes the following HOTMA-mandated policies affecting the MTW, Emergency Housing Voucher (EHV), Veteran Affairs Supportive Housing (VASH) and Traditional HCV programs:

1. *Net Asset Limit of \$100,000 for Program Eligibility* – This HOTMA requirement stipulates that if, at new admission, a family's total net assets exceed \$100,000, the family is then not eligible for the rental assistance program. The requirement also stipulates that when a family has a present ownership interest in real property that is suitable for residence, and the family has a legal right to reside in or sell said property, then the family is not eligible for the rental assistance program.
2. *Safe Harbor for Income Determinations* – Under HOTMA, HUD requires Public Housing Authorities to clarify in the Administrative Plan whether they will accept income determinations from other HUD-defined programs. The Housing Commission will accept "Safe Harbor" income determinations after a formal information-sharing and verification process can be established with other means-tested federal public assistance programs as identified and accepted by HUD.
3. *Revocation of Consent Forms* – HUD requires adult household members to sign consent form HUD-9886, which authorizes HUD and the PHA to obtain necessary information for verifying and maintaining program eligibility. The new policy allows form HUD-9886 to be signed once by each adult and maintained in the file, rather than signing at each reexamination. Families who refuse to sign or revoke existing consent forms must be denied rental assistance or terminated from the program.
- 4.
5. *Clarification of Policy Regarding Income Calculation Errors* – When the Housing Commission becomes aware of an income calculation error, including minor items, it must make the correction retroactive to the effective date of the action that resulted in the error.
6. *Ability to Accept Alternative Social Security Number Verification* – This change will reduce barriers for families who are unable to obtain traditional Social Security documentation upon

admission to rental assistance programs by accepting a self-certification.

7. *Long-Term Care Premium Expense Addition* – Long-term care insurance premiums have been added as an allowable health and medical care expense.

In addition, the following HOTMA-related policies affect only the Emergency Housing Voucher (EHV), Veterans Affairs Supportive Housing (VASH) and Traditional HCV programs. They must be added to the FY 2025 Administrative Plan:

8. *Health and Medical Care Expenses and Hardship* – Under mandatory HOTMA policy, families will qualify for a health and medical expense deduction if their expenses exceed 10 percent of annual income, rather than the current 3 percent threshold. HOTMA allows for hardships under certain circumstances, which will consist of a 24-month phased in approach.
9. *General Relief Hardship* – General Relief relates to deductions for health and medical care expenses, reasonable attendant care and auxiliary apparatus expenses. To receive general relief, a family must demonstrate that the family’s unreimbursed health and medical care expenses or unreimbursed reasonable attendant care and auxiliary apparatus expenses increased. If eligible, the family would receive a deduction for eligible health and medical care expenses exceeding 5 percent of annual income for 90 days.

Lastly, the following HOTMA-related policies affect only Traditional HCV programs. The Housing Commission does not currently administer any Traditional HCV programs; however, HUD requires these policies be added to the FY 2025 Administrative Plan.

10. *Nominal Asset Threshold Increased from \$5,000 to \$50,000* – The assets of participating families will not be considered in the rent portion calculation if they are below \$50,000. The previous threshold was \$5,000.
11. *Interim Reporting and Effective Date Timeframes* – Per new HOTMA rules, participants in traditional HCV programs must report increases in income that are estimated to raise the annual adjusted income by 10 percent or more.

FISCAL CONSIDERATIONS

The proposed funding sources and uses governed by the FY 2025 Section 8 Administrative Plan are included in the proposed FY 2025 Housing Commission Budget, which Housing Commission staff will present to the Housing Authority for consideration and action on June 10, 2024. Approving this action will not change the FY 2025 total budget.

HOUSING COMMISSION STRATEGIC PLAN

This item relates to Strategic Priority Area No. 1 in the Housing Commission’s Strategic Plan for Fiscal Year (FY) 2022-2024: Increasing and Preserving Housing Solutions and Strategic Priority Area No. 4: Advancing Homelessness Solutions – Supporting the City of San Diego Community Action Plan on Homelessness.

EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE

The changes recommended in this report are intended to expand and increase housing opportunities for individuals and families with low income and/or experiencing homelessness which supports the Housing

Commission’s commitment to equity and inclusivity.

PREVIOUS COUNCIL and/or COMMITTEE ACTION

The Housing Commission previously has approved the Section 8 Housing Choice Voucher Administrative Plans, which included Board-approved initiatives contained within MTW Annual Plans, each year for FY 2010 (July 1, 2009 – June 30, 2010) through FY 2024 (July 1, 2023 – June 30, 2024).

KEY STAKEHOLDERS and PROJECTED IMPACTS

The changes highlighted on Attachment 2, Matrix of Significant Section 8 Housing Choice Voucher Administrative Plan Changes, will affect current and future Section 8 Housing Choice Voucher participants and participating owners. The intended impact of the changes will be to expand and increase housing opportunities for individuals and families with low income and/or experiencing homelessness.

ENVIRONMENTAL REVIEW

The revised Fiscal Year 2025 Section 8 Housing Choice Voucher Administrative Plan is not a project as defined by the California Environmental Quality Act Section 2106 and State CEQA Guidelines Section 15378(b) (5), as it is an administrative activity of government that will not result in direct or indirect physical changes in the environment. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c)(3), is not appealable and a Notice of Right to Appeal the Environmental Determination (NORA) is not required. A determination that the Section 8 Housing Choice Voucher Administrative Plan is Exempt from the National Environmental Policy Act pursuant to Section 58.5 was approved by the City of San Diego on February 5, 2024.

Respectfully submitted,



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San Diego Housing Commission

Approved by,



Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

Attachments:

1. Revised FY 2025 Section 8 Housing Choice Voucher Administrative Plan
2. Matrix of Significant Section 8 Housing Choice Voucher Administrative Plan Changes

Docket materials are available in the “Governance & Legislative Affairs” section of the San Diego Housing Commission website at www.sdhc.org.