



**FY2025 Proposed Changes to Public Housing ACOP**

Current ACOP Section Number	Current ACOP Section Title	Current Language	Proposed Language	Basis for Modification
1.5	<b>HOUSING OPPORTUNITIES THROUGH MODERNIZATION ACT (HOTMA) OF 2016</b>	None	<p>The Housing Opportunity Through Modernization Act of 2016 (HOTMA) was enacted on July 29, 2016. On February 14, 2023, HUD published a final rule implementing Sections 102, 103, and 104 of the HOTMA Act of 2016.</p> <ul style="list-style-type: none"> <li>• Section 102: Income &amp; Reexaminations</li> <li>• Section 103: Over-Income</li> <li>• Section 104: Maximum Asset Limits &amp; Asset Exceptions</li> </ul> <p>Many of the provisions of HOTMA are intended to streamline administrative processes and reduce burdens on PHAs, thereby also reducing burdens on assisted residents. This ACOP does <b><u>NOT include policies which reflect HOTMA provisions related to Sections 102, 103, and 104,</u></b> however, this ACOP does reflect HABC's MTW policies which waive certain HOTMA provisions as provided under HABC's Moving to Work Agreement (MTW) with HUD.</p>	Wording updated to reflect HOTMA implementation changes

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			<p>HABC’s HOTMA compliance date is dependent on the development of HUD’s new Housing Information Portal, which has been delayed. Accordingly, HUD has not yet published an effective date for these HOTMA provisions.</p> <p>HABC has prepared a version of the ACOP which includes the relevant HOTMA policies and will publish that version of the ACOP once HUD provides an implementation effective date. HABC will post a notice on its website to inform all stakeholders of the go-live date for the updated HOTMA and MTW policies in this ACOP.</p>	
9.5.4	<b>Documentation of Flat Rents</b>	<p><del>Phasing In Flat Rents Increases For families whose flat rent is being phased in, HABC will conduct a flat rent impact analysis to determine the percentage increase in the family's rent amount at each regular reexamination. If the increase is greater than 35 percent, HABC will phase in the rent increase at the maximum amount annually over a three year period so that it does not</del></p>	None	No longer applicable.

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		<p>exceed 35 percent in any year until the flat rent is fully phased in. If the increase is 35 percent or less, there will be no phase in.</p>		
9.5.5	<b>Applying Flat Rents</b>	None	HABC will apply updated flat rents at each family's annual flat rent	Policy added to clarify regulatory requirement
9.8.2	<b>Utility Allowance Revisions</b>	<p><del>Between annual reviews, HABC will revise the utility allowance schedule if there is a rate change of that by itself or together with prior rate changes not adjusted for, results in a change 10 percent or more from the rates on which such allowances were based. Adjustments to resident payments because of such changes shall be retroactive to the first day of the month following the month in which the last rate change considered in such revision became effective. Such rate changes shall not be subject to the 60-day notice requirement.</del></p>	<p>HABC will revise the utility allowance schedule if there is a rate change of 10 percent or more from the rates on which such allowances were based. Unless HABC is required to revise utility allowances retroactively, revised utility allowances will be applied to a family's rent calculations at the next regular reexamination after the allowance is adopted. However, if the family's next regular reexamination is more than 12 months after the new UA effective date, HABC will conduct an interim reexam and update their UA on their first regular reexamination anniversary month after the change. For example, if a new UA effective date were 9/1/2024 and the family's next</p>	Updated with regulatory requirement

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			regular reexamination is not until 6-1-2026, then HABC would conduct an interim reexamination effective June 1, 2025 and update the family's UA.	
10.25	<b>TRANSFERS AND RE-EXAMINATION DATES</b>	The receiving development should be certain that the annual, biennial, or triennial review, whichever applies, is properly scheduled to give the staff time to re-determine rent to meet the established reexamination date.	<p>Upon transfer to another unit, the head of household will sign a new lease that will be effective the date of the transfer.</p> <p><b>Transfers from Conventional Site to Another Conventional Site</b> The family's original reexamination date will remain the same when a family is transferring to another conventional site, The receiving development should be certain that the annual, biennial, or triennial review, whichever applies, is properly scheduled to give the staff time to re-determine rent to meet the established reexamination date.</p> <p><b>Transfer from Conventional Site to Privately Owned/Managed Site</b> The family will be treated as a new move-in and a full reexamination will be completed. The reexamination anniversary date will be</p>	Policy added for clarity of existing practice.

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			<p>consistent with the lease effective date. Income eligibility screening is completed.</p> <p><b>Privately Owned/Managed Site to Conventional Site</b> The family will be treated as a new move-in and a full reexamination will be completed. The reexamination anniversary date will be consistent with the lease effective date. Full eligibility screening is completed by Admissions.</p> <p><b>Privately Owned/Managed Site to another Privately Owned/Managed Site</b> The family will be treated as a new move-in and a full reexamination will be completed. The reexamination anniversary date will be consistent with the lease effective date. Income screening is completed.</p> <p><b>Privately Owned/Managed Site to another unit within the Same Privately Owned/Managed Site</b> The family will sign a new lease; however, a new reexamination will not be completed during the transfer. The family will retain its reexamination anniversary date.</p>	

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11.6.1	<b>Security Deposits and Transfers</b>	None	<p><b>Transfers when there is no Prior Security Deposit</b></p> <p>When a resident transfers and prior to the transfer the resident had not provided a security deposit for the unit in which they are vacating, HABC will require that the resident provide a security deposit for the unit to which they are transferring. HABC security deposit and calculation policies will apply.</p>	No current policy. HABC request
11.6.1	<b>Security Deposits and Transfers</b>	None	<p><b>Transfer between one Privately Owned/Managed Site to another Privately Owned/Managed</b> Residents transferring between one privately owned/managed site to another privately owned/managed site will be reimbursed the security deposit which was previously paid to the losing development, minus any maintenance costs or other charges arising out of the resident's tenancy. The resident will be required to pay a new security deposit to the receiving development. The amount of the required security deposit will remain the same.</p>	Policy added to address existing practice
14.4	REEXAMINATION FREQUENCY	HABC will conduct annual reexaminations for any family where the following exists,	HABC will conduct annual reexaminations for any family where the following exists,	

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		regardless of the income reported by other family members: <ul style="list-style-type: none"> <li>• Any adult family member reports zero income</li> <li>• Any adult family member reports minimal income</li> <li>• <del>Any adult family reports TANF benefits</del></li> <li>• Any adult family member reports child support income</li> </ul>	regardless of the income reported by other family members: <ul style="list-style-type: none"> <li>• Any adult family member reports zero income</li> <li>• Any adult family member reports minimal income</li> <li>• Any adult family member reports child support income</li> </ul>	
14.4	REEXAMINATION FREQUENCY	None	Regular reexamination anniversary dates will not change when an interim reexamination is completed. Where at an interim reexamination is completed and a family becomes a zero or minimal income family or family member reports zero or minimal income, HABC will change the reexamination frequency to annual at the next regular reexamination	Added for clarity
14.13.1	<b>Flat Rent Annual Updates</b>	<del>Flat rent increases will be limited so that no family on flat rent will have an increase more than 35% of the family's existing rent amount due to the increase in FMR.</del>	None	No longer applicable

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14.14	<b>INTERIM REEXAMINATIONS</b>	Generally, the regular reexamination effective date will not change because of an interim reexamination. <del>however, if an interim reexam is requested within one-hundred twenty (120) days of a scheduled full re-examination, HABC will perform a full reexamination instead of the interim reexamination. This will initiate a change to the date of the household's regular reexamination schedule. This does NOT apply to Tax Credit units.</del>	Generally, the regular reexamination effective date will not change because of an interim reexamination.	
14.18	<b>CHANGES INFAMILY COMPOSITION</b>	None	<div style="border: 1px solid black; padding: 5px;">           MTW Policy            Upon HUD approval, when a family adds an adult to the household, and where the income from the new adult results in a TTP which is greater than the flat rent, HABC will cap the rent at the applicable flat rent. At the family's next regular reexamination, the family will be provided with a choice of income based or flat rent.         </div>	HABC requested change



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14.18	<b>CHANGES IN FAMILY COMPOSITION</b>	HABC or the privately owned/managed site will process an increase in rent when the household size increases due to the addition of a new family member with earned or unearned income.	<p>However, income information for existing family members will NOT be updated when there is an interim change in family composition, except where a child is added and the state assistance payment changes. HABC will verify the state assistance and include the new amount in the calculation of income and rent.</p> <p>HABC or the privately owned/managed site will process a decrease in rent when the household size decreases due to the removal of a family member with earned or unearned income.</p>	<p>Added for clarity</p> <p>Added exception regarding adding a child and state assistance.</p>
14.28.1	<b>Remaining Member – Retention of the Unit</b>	None	<p>When a new head of household is approved, whether it be an existing family member or a new family member, HABC will:</p> <ul style="list-style-type: none"> <li>• Conduct full screening on the new head of household, including criminal background and debt screening.</li> <li>• Conduct a full reexamination of household composition and income and recalculate rent. A new</li> </ul>	HABC discretionary policy



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			reexamination anniversary date will be established.	
25.1	<b>MTW SCATTERED SITE HOMEOWNERSHIP PLAN</b>	None	Eligible homebuyers must be participants of the Homebuyer Readiness Training Program. Referrals can only be determined by the Homeownership Program Assistant and approved by the Homeownership Vice President. fulfill their commitment as described in their Commitment Agreements and Action Plans.	HABC requested discretionary changes
25.2.1	<b>Priority of Eligible Buyers</b>	None	HABC may establish a Scattered Site Homeownership waiting list if needed based on demand. Criteria for selection from the waiting list will be established and may be based on income, employment, credit, savings and homebuyer readiness	HABC requested discretionary changes
25.3	<b>FINANCIAL CAPACITY REQUIREMENT</b>	A family must meet a minimum income requirement such that they can qualify for a mortgage. <del>for 75% of the appraised value of the house.</del>	A family must meet a minimum income requirement such that they can qualify for a mortgage	HABC requested discretionary changes
25.3	<b>FINANCIAL CAPACITY REQUIREMENT</b>	Participating families will be expected to fully obtain first mortgage financing possible prior to determining the level of assistance they may receive from HABC	Participating families will be expected to fully obtain first mortgage financing possible prior to determining the level of assistance they may receive from HABC in the form of a	HABC requested discretionary changes

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			Special Homeownership Voucher. To be eligible for a soft second mortgage from HABC, a family must qualify for a mortgage in the amount of no less than 75% of the sales price.	
25.3	<b>FINANCIAL CAPACITY REQUIREMENT</b>	<b>Affordability</b> – During the initial screening process, HABC’s Homeownership Coordinator will compute the family’s income debt ratio based upon standards in traditional lending products	<b>Affordability</b> – During the initial screening process, HABC’s Homeownership Coordinator will compute the family’s income debt ratio based upon standards in traditional lending products. If the prospective homebuyer is unable to secure a loan for the full sale price, HABC’s Homeownership Coordinator will determine which homeownership program would be best suited to the prospective homebuyer, i.e. SHV, or Soft Second Mortgage.	HABC requested discretionary changes
25.3	<b>FINANCIAL CAPACITY REQUIREMENT</b>	A family must qualify for a mortgage of at least 75% of the appraised value of the house in order to purchase that house.	A family must qualify for a mortgage of at least 75% of the appraised value to be eligible for HABC’s soft second mortgage.	HABC requested discretionary changes
25.3	<b>FINANCIAL CAPACITY REQUIREMENT</b>	Participating families will be expected to fully obtain first mortgage financing possible prior to determining the level of assistance they may receive from HABC.	Participating families will be expected to fully obtain first mortgage financing possible prior to determining the level of assistance they may receive from HABC in the form of a	HABC requested discretionary changes

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25.3	<b>FINANCIAL CAPACITY REQUIREMENT</b>	A family must qualify for a mortgage of at least 75% of the appraised value of the house in order to purchase that house.	A family must qualify for a mortgage of at least 75% of the appraised value to be eligible for HABC’s soft second mortgage.	HABC requested discretionary changes
25.4	<b>TRAINING &amp; COUNSELING REQUIREMENTS</b>	None	HABC’s public housing homeownership program incorporates the required training and education classes below as a condition for participation in the Homeownership	HABC requested discretionary changes

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			<p>program. HABC may add additional homeownership training/education/workshop requirements to ensure program success. Prior to housing search, offer submittal or executing a contract, training requirements must be met and verified with certificates. Training requirements must be no more than one year prior to property settlement.</p>	
25.4	<b>TRAINING &amp; COUNSELING REQUIREMENTS</b>	None	<b>Homebuyer Readiness Training:</b> Prospective homebuyer must be enrolled in and complete the Homebuyer Readiness Training class as a condition for participation in the Homeownership program.	HABC requested discretionary changes
25.5	<b>GOOD STANDING REQUIREMENTS</b>	Applicants must be in good standing under their lease or HCVP (Section 8) voucher at the time of application to be approved for the Scattered Site Homeownership program and remain in good standing through the settlement of the property.	Applicants must be in good standing under their lease or HCVP (Section 8) voucher at the time of application to be approved for the Scattered Site Homeownership program and remain in good standing through the settlement of the property. Public Housing residents must receive a referral from his/her Housing Management Asset Manager or other designated representative. HCV participants must provide documentation from their landlord that they	HABC requested discretionary changes

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			are a tenant in good standing. In the event that the HCV landlord will not cooperate with the good standing request, HABCe may use other documentation such as rent receipts and utility payment history.	
25.5	<b>GOOD STANDING REQUIREMENTS</b>	There is no HABC initiated breach of lease action against the participant by HABC	There is no HABC initiated breach of lease action against the participant by HABC or landlord in the HCV program;	HABC requested discretionary changes
25.5	<b>GOOD STANDING REQUIREMENTS</b>	The participant must have a record of no <del>(no more than 4</del> late rental payments within a 12-month period) (for participants in the HCVP, the current landlord must provide the participant's payment history).	The participant must have a record of no late rental payments within a 12-month period) (for participants in the HCVP, the current landlord must provide the participant's payment history).	HABC requested discretionary changes
25.5	<b>GOOD STANDING REQUIREMENTS</b>	There is no evidence of a recurring breach of lease resulting in judgment in favor of HABC or any other landlord within the past 24 months,	There is no evidence of a recurring breach of lease resulting in judgment in favor of HABC or any other landlord within the past 12	
25.5	<b>GOOD STANDING REQUIREMENTS</b>	<ul style="list-style-type: none"> <li><del>The participant was not terminated from the HCVP for program non-compliance.</del></li> </ul>	None	HABC requested discretionary changes

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		<ul style="list-style-type: none"> <li><del>The participant must successfully pass a home inspection (no unit inspection violations);</del></li> <li><del>The participant must successfully pass a credit and criminal background check; and</del></li> </ul>		
25.7.1	<b>Property Feasibility</b>	The general scope of repairs and renovations to be considered for properties in the homeownership program will consist of updating or upgrading heating, plumbing, electrical systems, windows, appliances, cabinetry, and roofs	HABC will consider but make no warranty to make repairs requested by the prospective homebuyer. The general scope of repairs and renovations to be considered for properties in the homeownership program will consist of updating or upgrading heating, plumbing, electrical systems, windows, appliances, cabinetry, and roofs	HABC requested discretionary changes
25.7.1	<b>Property Feasibility</b>	The general scope of repairs and renovations to be considered for properties in the homeownership program will consist of updating or upgrading heating, plumbing, electrical systems, windows, appliances, cabinetry, and roofs. <del>Replacement of flooring, walls, lights, and fixtures may also be included.</del>	The general scope of repairs and renovations to be considered for properties in the homeownership program will consist of updating or upgrading heating, plumbing, electrical systems, windows, appliances, cabinetry, and roofs.	HABC requested discretionary changes

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25.7.4	<b>Property Appraisals and Sales Price</b>	<del>HABC will contract for an independent appraisal of a property to establish a sales price, and thus determine the feasibility of purchase by the prospective buyer. The appraisals will establish the after rehab value of the property, based upon a scope of work for planned rehabilitation. The potential purchaser must be able to qualify for a first mortgage based on seventy-five percent one-half of the appraised value of the property.</del>	HABC will contract for an independent appraisal of a property. The appraisals will establish the current as is value and or value based on the after-rehab value of the property (based upon a scope of work for planned modifications or rehabilitation). The sale price, also known as contract price, will be the current as is or value of the property after completion of any modifications or rehabilitation of the property. The perspective buyer(s) must be able to qualify for a first mortgage based on the sales price.	HABC requested discretionary changes
25.8.1	<b>First Mortgage Financing</b>	Lenders must provide a loan <del>good faith</del> estimate to the participant that includes:	Lenders must provide a loan estimate to the participant that includes	HABC requested discretionary changes
25.8.3	<b>Second Mortgages</b>	HABC second mortgage assistance may be made only after eligible homebuyers have obtained a first mortgage commitment to the fullest extent that income will allow and which must be. <del>to the fullest extent that their incomes allow.</del>	HABC second mortgage assistance may be made only after eligible homebuyers have obtained a first mortgage commitment to the fullest extent that income will allow and which must be for at least 75% of the sale price	HABC requested discretionary changes



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25.8.3	<b>Second Mortgages</b>	Closing Costs – HABC may match prospective homebuyer’s personal cash contribution up to \$5,000.	Closing Costs – HABC may match prospective Scattered Site homebuyer’s personal cash contribution up to \$5,000.	HABC requested discretionary changes
25.10	<b>REPLACEMENT ESCROW ACCOUNTS</b>	<del>Maintenance escrow accounts</del> Replacement escrow will provide a cushion for the new homeowners and <del>relegate some savings to cover maintenance needs.</del>	Replacement escrow will provide a cushion to assist with the cost of replacing major appliances and maintenance expenses.	HABC requested discretionary changes
25.12.1	<b>Approval Process</b>	<del>Residents on the rent roll are periodically mailed materials describing the program. Families who express interest in purchasing their home from HABC will receive a preliminary interest application and a listing of the documents required to submit an application.</del>	Prospective buyer(s) must receive a referral from their respective Housing Management Asset Manager or Housing Management Program Specialist before a contract of sale can be executed. The approval process is as follows:  Residents on the rent roll are periodically mailed program related marketing materials describing the program.	HABC requested discretionary changes
25.12.1	<b>Approval Process</b>	The applicant’s ability to qualify for a mortgage is evaluated based on <del>at least 75% of the sales price of the property.</del>	The applicant’s ability to qualify for a mortgage is evaluated based on income, debt, credit score and employment.	HABC requested discretionary changes

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25.12.1	<b>Approval Process</b>	<del>Prior to contract execution, participants are required to provide a homeownership counseling certificate, which must be valid until the settlement date.</del>	All families who express interest in homeownership are required to provide verification of completion of all homeownership training and counseling requirements and complete any other HABC required training. All training and certifications obtained must be valid until at least the settlement date	HABC requested discretionary changes  HABC requested discretionary changes
25.12.2	<b>Net Proceeds of Sales</b>	HABC uses the proceeds of homeownership sales to further rehab units to be sold to buyers and for other affordable and administrative costs and services.	HABC uses the proceeds of homeownership sales to further rehab units to be sold to buyers and for other affordable homeownership purposes (closing cost assistance) and administrative costs and services.	HABC requested discretionary changes
25.13.1	<b>Down-Payment/Closing Cost Assistance</b>	Subject to funding availability, HABC may offer a one-time down-payment or closing cost assistance up to \$10,000 for eligible Public Housing first time homebuyers in HABC's MTW Homeownership program.	Subject to funding availability, HABC may offer a one-time down-payment or closing cost assistance up to \$10,000 for eligible Public Housing first time homebuyers in HABC's MTW Homeownership program. Families will be required to be enrolled in HABC's Homebuyer Readiness Training program, attend required homeownership counseling trainings and workshops and provide counseling	HABC requested discretionary changes



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			certificates from one of the HABC approved HUD certified Housing Counseling Agencies.	
25.13.1	<b>Down-Payment/Closing Cost Assistance</b>	The property purchased must be in Baltimore City/County and the property must pass a lead test, and Housing Quality Standard (HQS) inspection.	The property purchased must be in Baltimore City/County and the property must pass a lead test, a general home inspection and Housing Quality Standard (HQS) inspection.	HABC requested discretionary changes