IMPORTANT HOTMA CHANGES AFFECTING PARTICIPANTS IN THE HOUSING CHOICE VOUCHER (HCV) PROGRAM AND TENANTS IN PUBLIC HOUSING

Effective January 1, 2027

What is HOTMA?

HOTMA is the Housing Opportunity Through Modernization Act of 2016. The Department of Housing and Urban Development issued a final rule and provided guidance to Housing Authorities for changes to be effective January 1, 2024. Due to technical issues with transmitting data to HUD, the effective date was repeatedly extended. The new effective date is now **January 1, 2027**.

Key areas of change include:

- **Income calculation rules** (Section 102)
- **Asset limits** for applicants and participants (Section 104)
- **Over-income limits** for public housing families (Section 103)
- Updates to HUD forms and systems such as TRACS and HUD-50058.

How will HOTMA affect me?

HUD's HOTMA rules change definitions, income inclusions and exclusions, change amounts for deductions, and change how income, assets, and deductions are calculated. HOTMA makes improvements to federal housing assistance that benefit participants and reduce administrative burden. The key changes are below.

Change	What It Means for Me
Annual reexaminations	At your yearly review, the Housing Authority will generally look at the income your family received during the previous 12 months and then consider any current changes. Some types of money may no longer count as income, including certain tax refunds, special occasion gifts, foster-care payments, student financial aid, and other payments excluded by federal rules.
Interim reexaminations	The PHA must generally process an interim reexamination when your household's annual adjusted income **increases by 10% or more** (increases in earned income are generally not counted toward this 10%), and whenever a person is **added to or removed from your household**. If your income **decreases**, you may report it. Our policy sets how large a decrease must be for an interim reexamination (10% or a lower percentage).
Consent form signed once	Adult household members now sign the required HUD consent form (Form HUD-9886-A) once. It stays in effect until assistance ends or you revoke it in writing. If you revoke it, the PHA will explain what that means for your assistance.

Income from other benefit programs	If your household receives income that has already been verified under another federal benefit program, the PHA **may choose** to use that determination (called "Safe Harbor") instead of collecting new documents from you. Each agency decides whether and when to use it.
EIV at interim reexaminations	HUD no longer requires an EIV income check when processing an interim reexamination. The PHA may still choose to use EIV.
Deductions	The elderly/disabled family deduction and the dependent deduction are adjusted each year by HUD (2027: $575 and $525). Health and medical care and attendant care expenses are deducted only when they exceed **10%** of annual income (it was 3%). Families who were already receiving this deduction may qualify for a phased-in transition (5%, then 7.5%, then 10%). Ask us whether this applies to you.
Asset limit and real property	A family may not be admitted if its net family assets exceed **$109,797** (the 2027 amount, adjusted yearly) or if a member owns real property suitable for the family to live in, with some exceptions. For families **already receiving assistance**, the PHA's written policy decides how and when this applies, and you will be told in writing before it affects your assistance.
Higher asset threshold for self-certification	If your net family assets are **$54,898 or less** (the 2027 amount, adjusted yearly), the PHA may accept your signed statement of your assets instead of third-party documents, if its policy allows. Full third-party verification is still required at least every 3 years.
Retirement and education accounts	Retirement accounts (such as 401(k)s and IRAs) and educational savings accounts are no longer counted as net family assets.

Implementation Status	What it means for you
Already in effect	Updated income exclusions and definitions, the de minimis error policy, and Form HUD-9886-A. You may see these in current forms, verification requests, and rent calculations.
Already in effect for Public Housing Tenants (Section 103 of HOTMA)	If your household is found to be over income at an annual or interim reexamination, the Housing Authority will give you written notice (within 30 days) and will begin or continue tracking a 24-month over-income period. HUD requires a notice at the first over-income determination and again at the 12-month and 24-month determinations. If your household remains over income for 24 consecutive months, the Housing Authority will terminate your tenancy.

January 1, 2027	HUD will enforce the remaining HOTMA changes for reexaminations and other Form HUD-50058 transactions effective on or after **January 1, 2027** (HUD Notice PIH 2026-15). These include the asset limit and self-certification rules, deductions and hardship relief, Safe Harbor, and the interim reexamination rules.
Your next reexamination	We will tell you which HOTMA rules apply to your household, what you must report, and which documents we need. If your reexamination is effective before our HOTMA date, some current procedures may still apply. If it is effective on or after that date, we will apply the full HOTMA rules.

Notifications to Current Participants

The Housing Authority will be mailing an Official Notice to current participants/families that outlines the HOTMA Changes. One copy should be signed and returned to the Housing Authority.

Other Changes You Will See

Because of these changing Rules, the Housing Authority will be updating several of its forms, so some forms may look different to you. For instance, the asset disclosure form now has non-necessary assets that must be reported. Some examples are recreational cars and vehicles, vehicles not needed for day-to-day transportation, boats and other watercraft, expensive jewelry, collections (coins, stamps, etc.), equipment and machinery not used to generate income, gems and precious metals, antique cars or artwork. In addition, all disposed of assets must be reported, including donations, gifts, etc.

Additional Information

To learn more about HOTMA, visit:

https://www.hudexchange.info/programs/hotma/hotma-income-and-assets/#resident-resources