

HOTMA

Housing Opportunity Through Modernization Act of 2016

HOTMA: What Does it Mean for Me?

Part 2: Asset and Real Property Limitations

A Training for Public Housing Residents and Housing Choice Voucher Program Participants



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Training Topics

1. Overview
2. How PHAs can apply the new rules
3. Asset limitation
4. Real property limitation
5. Related resources for residents



HOTMA Overview

- HOTMA — Housing Opportunity Through Modernization Act
- Affects public housing & Housing Choice Voucher (HCV) participants
- New rules start on or before January 1, 2025
- PHA — Public Housing Agency
- In some cases, PHAs may decide on their specific policy
- All dollar amounts will be adjusted annually based on inflation



Overview of Net Family Assets and Real Property Limitations

- Families cannot have more than \$100,000* in net family assets.
- Families cannot own a home that they could live in.

There are exceptions!

PHAs can decide if and how to enforce these limits for existing residents!

** As adjusted annually for inflation.*



How PHAs Can Apply the New Rules

The rules apply to **all new applicants** of public housing and HCV.

For **existing residents**, PHAs can choose to:

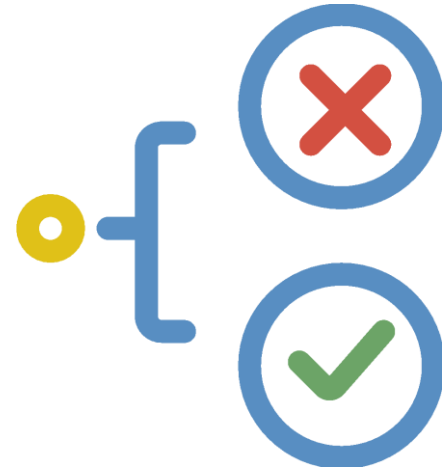
1. Apply the rule strictly
2. Apply the rule but give time for residents to come into compliance
3. Not apply the rule for existing residents

PHAs may also have exceptions to their enforcement policy (examples: *age, disability, income*).



Applying the New Rules – Eviction / Termination

- Eviction / termination: process must be initiated no later than 6 months after determination (if PHA chooses to enforce)
- Public housing:
 - » Subsidy will be terminated
 - » If resident does not move, eviction proceedings will begin
 - » Opportunity for a hearing
- HCV: Pay contract rent or vacate the unit
- These rules will begin on or before January 1, 2025.





NET FAMILY ASSET LIMITATION

New Net Family Asset Limitations

Applies to all applicants and existing residents where the PHA enforces the policy.

- Families may have no more than \$100,000* in net family assets.
- “Net family assets” refers to the total value of money you have and items you own.
- HUD does not count everything!
There are exclusions.

** As adjusted annually for inflation.*



Definition of Assets

- Assets include ***anything valuable you own*** unless it is excluded.
- **Necessary personal property is excluded!**
- Examples of included assets:
 - » Non-necessary personal property that totals \$50,000* or more:
 - Checking / savings account
 - Artwork, antiques, and other collectibles
 - Stocks
 - » Real property (land, housing, commercial property)



* As adjusted annually for inflation.

Exclusions

Common assets that HUD **does not count** towards your net family assets:

- Necessary personal property
 - » *Examples: car used to commute to work, laptop for school, furniture and appliances, and “personal effects” such as clothing, toiletries*
- Non-necessary personal property totaling less than \$50,000*
 - » *Examples: checking and savings accounts, a recreational boat, vintage baseball cards*
- Retirement accounts
- Education savings accounts
- Disability savings accounts

For a full list of exemptions, please see the [HOTMA Assets, Asset Exclusions, and Limitation on Assets Resource Sheet](#).

* As adjusted annually for inflation.

How to Report

- You may be able to self-certify most years if your total assets are \$50,000* or less.
- At least every 1 to 3 years you will have to present 3rd party documentation to verify your assets.
- You can always self-certify that you do not own any real property (a building or land).



** As adjusted annually for inflation.*

What Happens if you are Out of Compliance?

At income reviews (reexamination), PHA policy may be one of the following:

- Not enforce the rule
- Allow up to 6 months for you to fix any issues
- Enforce the rule — Eviction or termination from the program if you do not move
 - » Public housing residents — termination and eviction
 - » Housing Choice Voucher Program recipients — may be able to stay and pay market rent

PHAs may have exceptions to the asset and property limits.

Coming into Compliance

Options for coming into compliance, if your PHA is enforcing and allows families to fix issues after income reviews:

- Sell items for fair market value
- Purchase a necessary item, such as a car for commuting to work or school
- Move funds into a retirement account
- Move funds into an irrevocable trust

Talk to a financial professional before you move assets.

Timeline: When allowed by PHA policy you will have up to 6 months to come into compliance following your income review.

Selling for Less than Market Value

- If you sell, or give away, any asset (including a home) for less than fair market value, the difference between the fair market value and what you actually received in payment will count as part of your family's assets.
- This includes any sales, or gifts, within the past two years.





REAL PROPERTY LIMITATION

What Happens if you are Out of Compliance?

Public housing and HCV applicants and residents may not own a home that HUD considers “suitable for occupancy.”

Your PHA will have a policy, which applies to assets and property, to:

- **Not** enforce the rule
- Allow up to 6 months for you to fix any issues
- Enforce the rule — Eviction or termination from the program if you do not move
 - » Public housing residents — termination and eviction
 - » Housing Choice Voucher Program recipients — may be able to stay and pay market rent

PHAs may have exceptions.

Real Property and the Net Family Asset Limit

The value of property applies to net family assets, regardless of whether you could live in it or not.

- Only exceptions are for property that is excluded from assets (example: you do not have the legal authority to sell the property)



Exemptions

Exemptions apply if:

- You own the home through the Housing Choice Voucher Program (manufactured home or homeownership option).
- Someone who co-owns the home with you lives in it (and that person is not a part of your family in the housing program).
- Situations of domestic violence, dating violence, sexual assault, or stalking.
- The property is up for sale.



What Does “Suitable for Occupancy” Mean?

Reasons a property may not be “suitable for occupancy”:

- Disability-related needs
- Family size
- Location
- Physical condition unless easily fixed
- Ineligible for residence due to local or state laws



Fixing Non-Compliance

How to meet the rules:

- Show you no longer own the property
- Prove the property now qualifies for an exemption (example: because it is for sale)

Timeline:

- PHA policy may allow up to 6 months after a review to meet the new rules.
- If you do not fix the issue (or the PHA does not allow this), the PHA must begin the termination process within 6 months of the review.

If your PHA does not enforce the limitation or if you are exempt, you do not need to come into compliance.



ADDITIONAL RESOURCES

Resident Fact Sheets

- Income Calculation and Reviews
- Health, Medical, and Childcare Deductions
- Asset and Real Property Limitations



Resident Worksheets

- Interim Reviews
- Student Financial Aid
- Asset and Real Property Limitations




PHA Materials

Resources and assistance to support HUD's community partners

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HOTMA
The Housing Opportunity Through Modernization Act of 2016 (HOTMA) was enacted in 2016 and affects public housing and Section 8 rental assistance programs.

[Learn about HOTMA](#)

[Home](#) > [Programs](#) > [HOTMA](#)

 <p>Overview</p> <p>The Housing Opportunity Through Modernization Act of 2016 (HOTMA) was enacted in 2016 and affects public housing and Section 8 rental assistance programs. Title I of HOTMA</p>	 <p>HOTMA Law and Regulations</p> <p>Pub. L. 114-201 HOTMA Income Final Rule HOTMA Income Regulatory Impact Analysis (DIA)</p>	 <p>PIH Notices</p> <p>Notice: PIH-2023-03 - Limitation on Public Housing Tenancy for Over-Income Families</p>	 <p>Additional Information</p> <p>Additional HOTMA resources for Public Housing Agencies (PHAs) administering public housing and Section 8 rental assistance programs</p>
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End of Training

Thank you for participating.

Resident resources:

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