OFFICIAL NOTICE TO RESIDENTS

Housing Opportunity Through Modernization Act (HOTMA) — Implementation Status

PHA / Agency Name:	**Date:**
Resident Name:	**Unit Address:**

Dear Resident,

This notice informs you of important changes to federal housing law and explains how those changes affect your household's annual and interim reexaminations. Please read this notice carefully, sign the acknowledgment at the bottom, and return the signed copy to our office.

About HOTMA — What Changed and What It Means for You

On February 14, 2023, HUD issued a Final Rule implementing Sections 102, 103, and 104 of the Housing Opportunity Through Modernization Act of 2016 (HOTMA). HOTMA makes important improvements to the federal housing assistance programs that benefit residents and reduce administrative burden. The key changes are summarized below.

Change	What It Means for Your Household
Fewer interim reexaminations	A 10% income threshold now applies before an interim reexamination is required. In most cases, earned income increases are not processed until your next annual reexamination, so you can keep more of your earnings before seeing a rent increase.
Consent form signed once	Adult household members now sign the required consent form only once — not every year at reexamination. This reduces paperwork for your household.
Income from other benefit programs	If your household receives income that has already been verified under another federal benefits program, your Housing Authority may use that determination rather than collecting new documentation from you.
No EIV review at interim reexaminations	Your Housing Authority is no longer required to run an EIV income verification check when processing an interim reexamination, reducing delays for households reporting income changes.
Higher deductions	The standard deduction for elderly and disabled households has been increased, and the threshold for claiming medical and disability expenses has increased from 3% to 10% of annual income.
Higher asset threshold	The threshold above which asset income is imputed has increased from \$5,000 to \$54,898 (the current 2027 HUD-published figure, effective January 1, 2027 and adjusted annually). If your net assets are \$54,898 or less, you may be able to self-certify your assets rather than providing third-party documentation.

Change	What It Means for Your Household
Retirement and education accounts excluded	Retirement accounts (such as 401(k)s and IRAs) and educational savings accounts are no longer counted as net family assets. You will no longer need to report or document these accounts.
Additional income exclusions	New exclusions apply to certain Medicaid payments, veterans' aide and attendant care, and distributions of principal from non-revocable trusts including Special Needs Trusts.
Hardship relief	If you are unable to pay your rent because of unexpected medical expenses or the loss of a childcare expense deduction, you may request hardship relief from our office.

Public Housing Over-Income Policy — What This Means for Your Next Reexamination

Section 103 of HOTMA applies to Public Housing families whose income exceeds the applicable over-income limit. This section does not apply to Housing Choice Voucher participants. If your household is determined to be over income at an annual or interim reexamination, the agency will provide written notice and will begin or continue tracking the applicable 24-month over-income period.

Agency selection: The agency must select the option below that states whether over-income Public Housing families will be allowed to remain in the unit after the 24-month over-income period or whether tenancy will be terminated in accordance with the agency's adopted policy.

☐ **A.** ____________________________ has adopted a policy that **allows over-income Public Housing families to remain** in the unit after the 24-month over-income period, provided the family signs the required non-public housing over-income lease and pays the applicable alternative rent. This policy is effective _____________.

☐ **B.** ____________________________ has adopted a policy that **does not allow over-income Public Housing families to remain** in the unit after the 24-month over-income period. If the family remains over income for 24 consecutive months, the agency may terminate tenancy within the required timeframe in accordance with the agency's adopted policy. This policy is effective _____________.

What to expect at your next reexamination: If your household income is above the applicable over-income limit, the agency will notify you in writing, explain when the 24-month over-income period begins or continues, and describe the next steps under the selected policy. If your household remains over income for 24 consecutive months, the agency will issue the required final notice and apply the selected policy above.

RESIDENT ACKNOWLEDGMENT

I/We have received, read, and understand this notice regarding the agency's Public Housing over-income policy. I/We understand whether the agency allows over-income Public Housing families to remain after the 24-month over-income period or terminates tenancy under the selected policy, and I/we understand the policy effective date listed above.

I/We further understand that if my/our household is determined to be over income at a future annual or interim reexamination, the agency will provide written notice, explain the applicable 24-month over-income period, and describe what may happen if my/our household remains over income for 24 consecutive months.

Head of Household Signature	*Date*
Printed Name	
Additional Household Member	*Date*
Additional Household Member	*Date*

Agency Representative: ____ **Date:** ____________________

Please retain a copy of this signed notice for your records.

Questions and Additional Information

If you have questions about this notice or about how HOTMA changes affect your household, please contact our office.

Contact: ____________________________________ **Phone:** ______________________

Email: ____

STAFF REFERENCE — HOTMA Summary

Do not distribute to residents — for Housing Authority staff use only

Section 102 — Income Reviews

HOTMA creates a 10% adjusted income increase/decrease threshold for interim reexaminations and, in most cases, requires that earned income increases are not processed until the next annual reexamination. Additional provisions include: consent form signed once (not annually); use of income determinations from other federal programs; EIV review no longer required at interim reexaminations; increased elderly/disabled deduction; increased medical/disability expense threshold (3% to 10%, phased in over two years); higher imputed asset threshold ($5,000 to $54,898 — current 2027 figure, effective January 1, 2027 and adjusted annually by HUD); additional income exclusions (Medicaid, veterans' aide/attendant care, Special Needs Trust distributions); and hardship relief for medical and childcare deductions.

Section 103 — Public Housing Income Limit

HOTMA imposes continued program participation limits for Public Housing families whose annual income exceeds the statutory over-income limit (80% of AMI). Families exceeding the limit for 24 consecutive months are subject to the over-income policy. PHAs must issue required notices at months 0, 12, and 24 and elect a disposition policy (terminate or NPHOI at alternative rent). PHAs must report over-income family counts and waiting list data annually by March 31.

Section 104 — Asset Limits

HOTMA imposes an asset limitation for eligibility and continued assistance (currently $109,797 for 2027, effective January 1, 2027 and adjusted annually by HUD per CPI-W). Families are also ineligible if they own real property suitable for occupancy. Retirement and educational savings accounts are excluded from net family assets. Self-certification of assets is permitted when net assets are at or below $54,898 (2027 figure, adjusted annually). PHAs have options for how and when to enforce the asset limitation for existing families.

Implementation Timeline

HOTMA Final Rule effective: February 14, 2023. Original compliance date: January 1, 2024. Selected provisions effective: July 1, 2025. Full enforcement deadline for most PHAs: January 1, 2027 (subject to HUD-50058/HIP system readiness). PHAs operating under a delay must continue using pre-HOTMA policies until the applicable enforcement date and must notify residents before HOTMA changes take effect.

2027 HUD Inflation-Adjusted Figures

Dependent deduction: $525 | Elderly/disabled family deduction: $575 | Asset self-certification threshold: $54,898 | Asset limitation: $109,797 | Passbook savings rate: 0.38% | Full-time student earned income exclusion: $525 | Adoption assistance payment exclusion: $525 | De minimis error: $30 (fixed by rule) | Medical/attendant-care threshold: 10% of annual income (fixed by rule). Update annually when HUD publishes the new Inflation-Adjusted Values table.