

# HOTMA 2026

## REFRESHER

Key Updates, Stronger Compliance,  
Better Outcomes



PEOPLE FOCUSED



POLICY DRIVEN



COMPLIANCE SMART



STRONGER OUTCOMES



HOUSING OPPORTUNITY  
THROUGH MODERNIZATION ACT  
Stronger Policies. Stronger Communities

JUNE 3, 2026



VIRGINIA VILES SERVICES, LLC

# WHAT IS HOTMA?

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## The Housing Opportunity Through Modernization Act of 2016

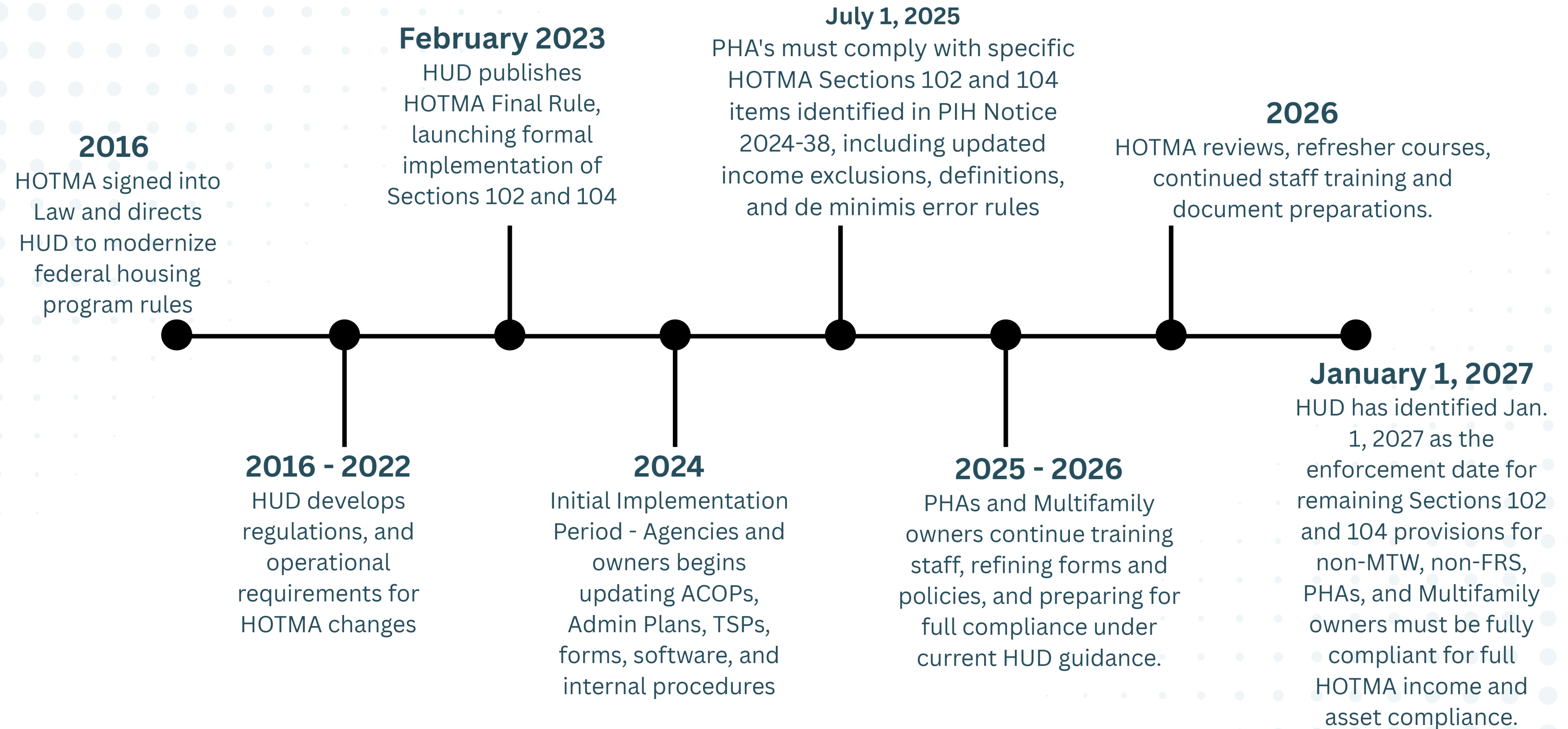
HOTMA is federal legislation enacted to modernize HUD housing programs, streamline administrative requirements, reduce regulatory burden, and improve consistency across assisted housing programs.

HOTMA represents one of the most significant changes to HUD program administration in decades, affecting how housing agencies and owners determine eligibility, calculate income, verify assets, conduct reexaminations, and administer housing assistance

## WHY WAS HOTMA CREATED?

- ➔ Improve program efficiency
- ➔ Simplify income and asset determinations
- ➔ Promote consistency across HUD programs
- ➔ Reduce administrative burden on families and staff
- ➔ Support family self-sufficiency
- ➔ Improve program integrity and oversight

# HOTMA TIMELINE



# HOTMA's BIGGEST CHANGES AT A GLANCE

## Income - New Exclusions

HOTMA expands and clarifies excluded income categories, so staff must stop relying on pre-HOTMA exclusion habits and use the updated exclusion list in current HUD guidance.

## Asset Limitations

HOTMA adds a net family asset limit (2026: \$105,574) and an asset threshold for self-certification and imputed income (2026: \$52,787), adjusted annually, in programs where those provisions are currently implemented under HUD guidance.

## Deductions - Hardship relief

HOTMA changes adjusted-income deductions and adds hardship relief tied to medical/disability expenses and loss of the childcare deduction, so policies must clearly explain when relief applies.

## Reexaminations - Interim thresholds

HOTMA uses threshold-based interim reexaminations and, subject to current HUD guidance and agency policy, may delay processing certain earned-income increases until the next annual review.

## Verifications - Documentation rules

HOTMA streamlines verification by allowing measures such as asset self-certification below the HUD threshold, safe harbor income determinations from other means-tested programs, and reduced EIV use at interim reexaminations.

## Compliance - File review readiness

By 2026, the focus is not just knowing the rule changes but proving consistent application in forms, calculations, notices, file narratives, and policy references.

# HOTMA IMPLEMENTATION PROGRESS:

## Where we are today!

2023

- HOTMA Final Rule becomes effective
- Agencies begin policy review and planning
- Initial implementation guidance released

2024

- New EID enrollments end
- Agencies revise ACOP, Admin Plans, and TSP's.
- Initial HOTMA implementation activities continue
- HUD issues additional implementation guidance

2025

### Major Operational Changes!

- HUD-9886A implementation
- Selected Sections 102 and 104 provisions become operational
- Updated income exclusions
- Safe Harbor income determinations
- Asset limitation provisions begin
- Self-Certification thresholds established
- De minimis error requirements
- Updated verification and documentation practices

2026

### Clarifications & Operational Updates!

- Updated interim reexamination guidance
- Household composition changes become a key interim trigger
- Continued implementation of current HOTMA requirements
- Audit readiness and consistency become primary focus

2027

### Compliance Milestone

- Full Multifamily/PBRA HOTMA compliance
- Remaining Sections 102 & 104 enforcement for most non-MTW/non-FRS PHAs

# HOTMA Top 10 Compliance Mistakes in 2026



Applying old EID rules — Per PIH implementation notices, no new families should be enrolled in EID after December 31, 2023, so staff should not treat EID as an open ongoing option for new cases.



Missing self-certification opportunities — HOTMA allows asset self-certification below the HUD threshold, but many staff still default to over-verifying every small asset file.



Incorrect treatment of asset income — Staff often confuse actual asset income, imputed income, excluded assets, and the separate net family asset limitation test.



Failing to document hardship determinations — When hardship relief is granted or denied, the file should show the reason, the policy basis, and the effective action taken.



Not updating ACOP, Admin Plan, or TSP language — HUD has made clear that agencies may use appendices or updates, but the governing policy documents still must reflect HOTMA implementation.



Incorrect interim reexamination processing — Staff still misapply interim rules, especially around threshold-based reviews and the treatment of earned income increases.



Using outdated HUD forms — HUD-9886-A became the required authorization form no later than February 1, 2025, so older packets should not remain in circulation.



Inconsistent verification practices — Some specialists still verify similar files differently, creating avoidable findings and fairness concerns.



Not tracking de minimis errors — PHAs need policies for de minimis errors, including when correction action is required and how overcharges are handled under current HOTMA de minimis policies.



Staff applying different interpretations — The biggest operational risk in 2026 is inconsistent rule application across staff, properties, or programs.

# INCOME DETERMINATIONS



## WHAT STAFF MUST APPLY TODAY

### COMMON ERRORS STILL SEEN

- **Using Outdated** exclusion list
- **Treating all payments** as countable income
- **Relying on local/outdated habits** instead of current policy
- **Inconsistent treatment** across staff or files

### CURRENT HOTMA STANDARD

- **Apply updated** income exclusions
- **Use safe harbor** income determinations when allowed
- **Follow current written** policy and HUD guidance
- **Document** how income was counted excluded, and verified



**KEY  
REMINDER**



Not every payment received by a family is income, and every file should show how the **final income decision** was reached



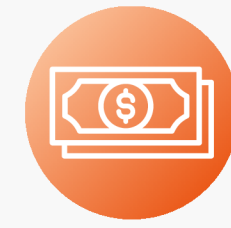
# INCOME EXCLUSIONS

## THAT STILL CAUSE ERRORS

These payments are **NOT** countable income under HOTMA when requirements are met



**FAMILY SELF-SUFFICIENCY (FSS) ESCROW**  
Not counted as annual income.



**LUMP-SUM ADDITIONS**  
Not treated as annual income.



**FOSTER CARE PAYMENTS**  
Excluded from annual income.



**CERTAIN EDUCATIONAL ASSISTANCE**  
Must be reviewed under current HOTMA rules. Amounts above the dependent deduction are excluded under current HOTMA rules.



**EARNED INCOME TAX CREDITS (EITC)**  
Excluded from annual income.



**ADOPTION ASSISTANCE PAYMENTS**  
May be excluded under applicable rules. Amounts above the dependent deduction are excluded under current HOTMA rules.



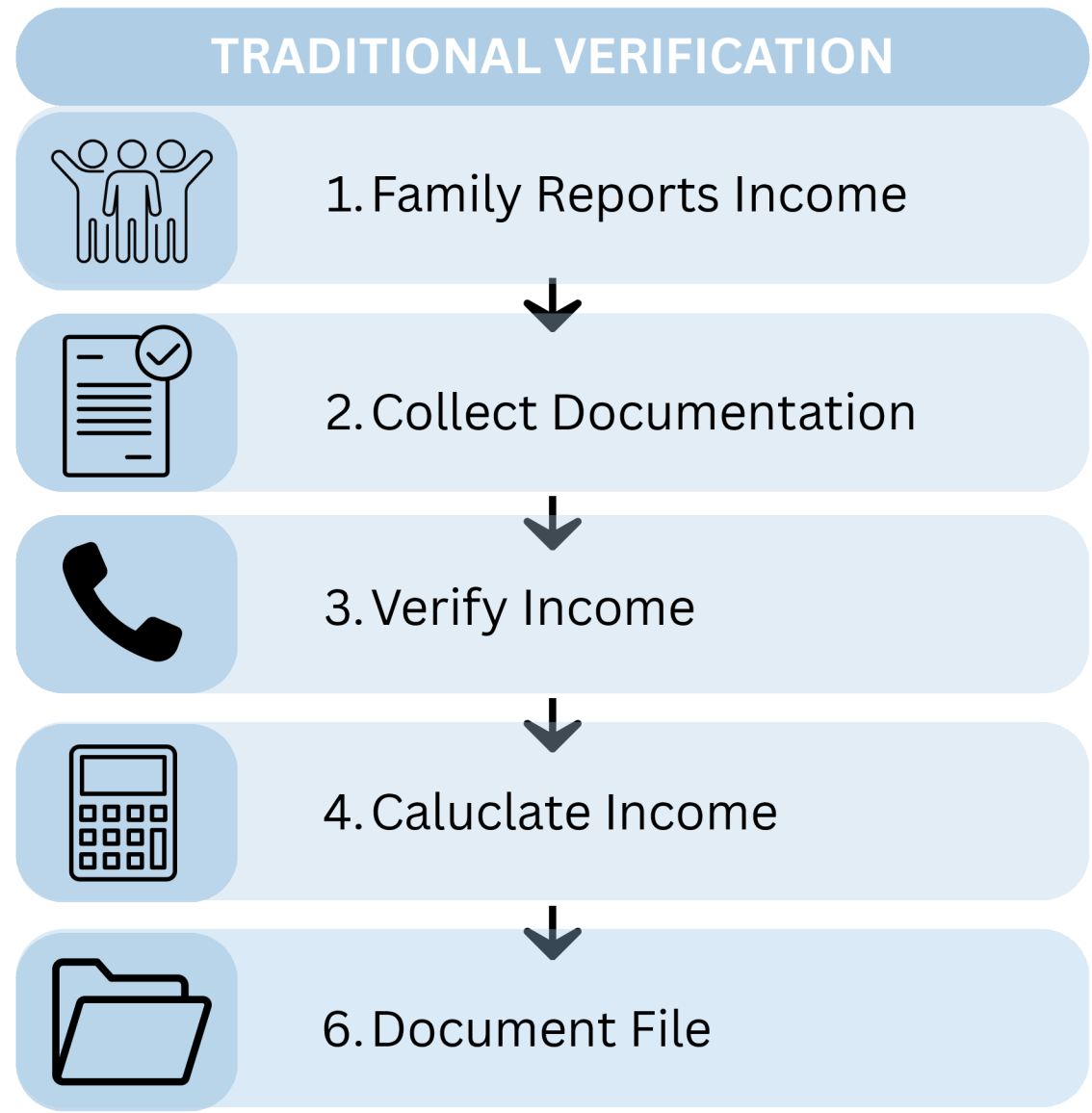
**FILE REVIEW QUESTION**

Did I count income because I know it is countable, or because I **assumed** every payment received must be **income**?



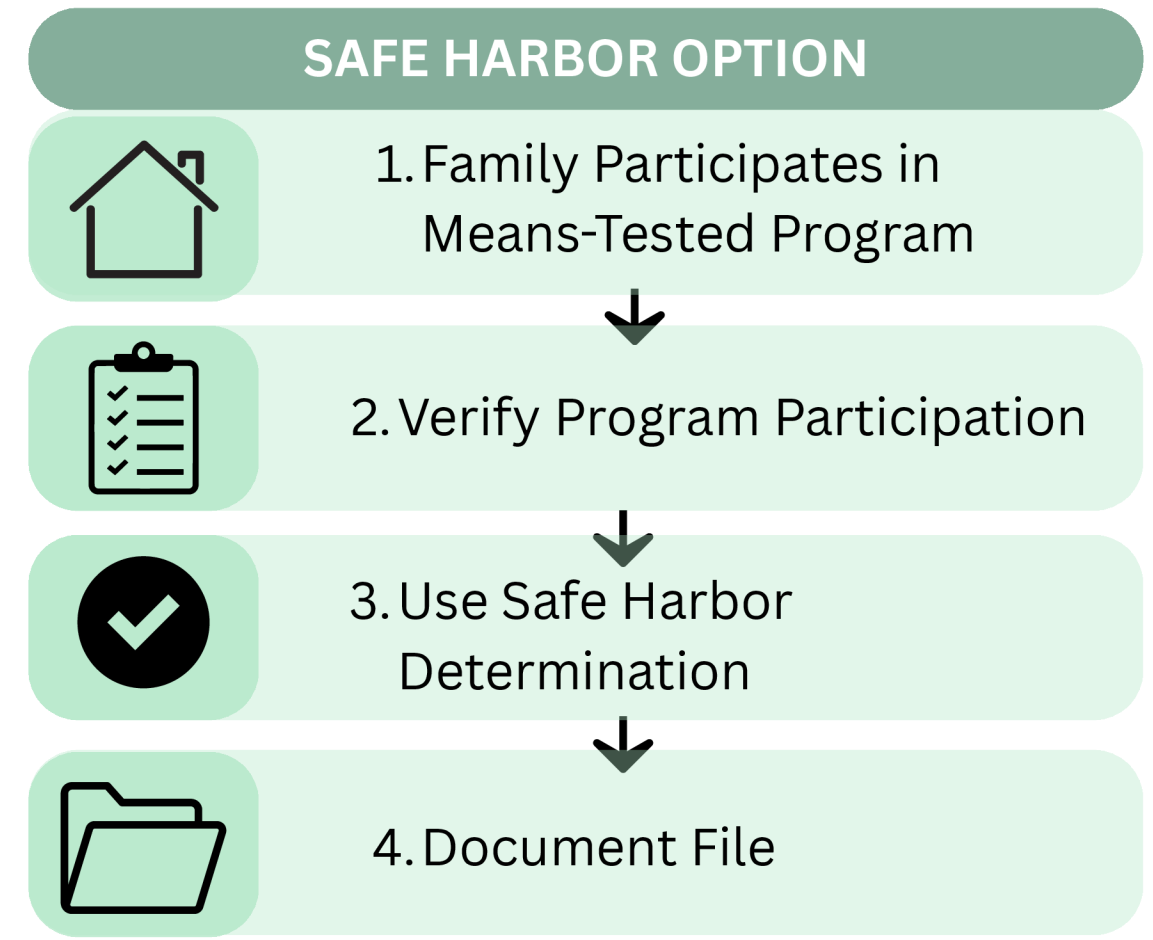
# SAFE HARBOR INCOME DETERMINATIONS

When HUD **allows** you to rely on another verified income source.



### HOTMA GOAL

Reduce duplicate verification efforts while maintaining program integrity



**KEY QUESTION** | Has another means-tested program already completed a reliable income determination? **IF YES**, Safe Harbor may be an option! |






**Safe Harbor does not eliminate documentation requirements.** It provides an alternative verification path when HUD allows reliance on another program's income determination. Staff must still follow agency policy and maintain sufficient documentation

# INCOME DOCUMENTATION

## WHAT AUDITORS LOOK FOR

*Your file should be complete, clear and easy to follow.*

### COMMON DOCUMENT FINDINGS






-  **No explanation** of excluded income.
-  **Missing verification** source
-  **No calculation** worksheet
-  **Income determination** not supported
-  **File reviewer can't** follow the decision



### FINAL REVIEW TEST

Could another staff member explain this income determination without asking questions?

### AUDIT-READY FILE

-  **Income source identified**
-  **Verification method** documented
-  **Exclusions** clearly noted
-  **Calculations supported.**
-  **File tells the complete story**



### REMEMBER:


Auditors don't just review the outcome.  
They review how you arrived to the outcome.



# ASSET LIMITS & SELF-CERTIFICATION

## WHAT STAFF MUST APPLY TODAY

*HOTMA requires staff to evaluate asset limitations and use self-certification when permitted.*



### ASSET LIMITATION

2026 THRESHOLD  
**\$105,574**  
( NET FAMILY ASSET)

If net family assets are equal to or exceed this amount, the family may be ineligible for assistance, subject to any program-specific exceptions and current HUD guidance.




### SELF-CERTIFICATION THRESHOLD

2026 THRESHOLD  
**\$52,787**  
( FAMILY SELF-CERTIFICATION )



If a family's total assets are below this amount, they may self-certify their assets.

**REMINDER**

 A family may **SELF-CERTIFY** assets below the threshold **BUT**

**STAFF MUST STILL EVALUATE:**

Real property ownership	Documentation requirements	Program eligibility requirements
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 **KEY QUESTION:** | Are we determining the amount of assets, or are we determining whether the asset limitation applies? | 

# DEDUCTIONS & HARDSHIP RELIEF

## WHAT STAFF MUST APPLY TODAY

*HOTMA modernized deductions and expanded hardship relief. Consistency and documentation are essential.*





### COMMON DOCUMENT FINDINGS

-  Applying pre-HOTMA deduction amounts
-  Missing hardship documentation
-  Inconsistent medical expense calculations
-  Denying hardship requests without proper review



### DEDUCTION REVIEW

### CURRENT HOTMA STANDARD

-  Apply current deduction amounts
-  Evaluate hardship requests consistently
-  Document hardship determinations
-  Retain supporting calculations and records



### KEY REMINDER:

Deductions affect adjusted income, rent calculations, and affordability.

Documentation should clearly support how deductions were approved, denied, or adjusted.







*Always follow your agency's policy and HUD guidance | When in doubt, document, and ask!*

# INTERIM REEXAMINATIONS

## WHAT STAFF MUST APPLY TODAY

*HOTMA changed when and how interim reexaminations must be processed. Apply threshold-based rules and follow agency policy.*





### COMMON DOCUMENT FINDINGS

-  **Applying outdated threshold rules for every change** or implementation guidance
-  **Incorrectly processing earned income increases.** Not applying the current earned income increase rule.
-  **Missing required household-composition interims**  
Failing to process interims when thresholds are met.
-  **Inconsistent documentation**  
Inadequate notes, missing change details, or no explanation of decision.



### INTERIM REVIEWS

### CURRENT HOTMA STANDARD

-  **Apply current interim triggers**  
Use HOTMA threshold rules for income changes.
-  **Apply earned income increase rule**  
Process only when the current rule requires an interim.
-  **Process required interims**  
Complete interims when thresholds are met or policy requires
-  **Retain supporting calculations and records**



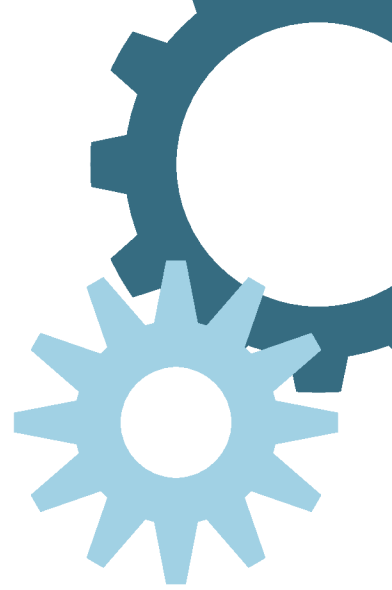
### KEY REMINDER:


Not every income change requires an interim reexamination, but **household composition changes generally do under current HUD guidance.**



# WHAT TO DO DIFFERENTLY TOMORROW?

Six actions that *reduce errors, improve consistency, and strengthen compliance*




**1**  **USE THE CURRENT POLICY**

**Before making a judgement call, check:**

- ACOP
- Administrative Plan
- Tenant Selection Plan (TSP)
- Written HOTMA procedures


*Don't rely on memory*

**2**  **USE THE RIGHT FORMS**

**Confirm you are using:**

- Current HUD forms
- Current HUD 9886-A
- Updated agency/property forms
- Current HOTMA packets


*Retire outdated forms immediately*

**3**  **DOCUMENT THE FILE STORY**

**Every file should clearly explain:**

- What income was counted
- What income was excluded
- What verification was used
- Why the determination was made

*If another reviewer opens the file, they should understand your decision*

**4**  **PROCESS INTERIMS CONSISTENTLY**

**Apply HOTMA rules consistently for:**

- Income increases
- Income decreases
- Household composition changes
- Interim thresholds


*Consistency protects both families and the agency*

**5**  **FOLLOW THE VERIFICATIONS HIERARCHY**

**Know when to use:**

- Self-certification
- EIV
- Third-Party Verification
- Other acceptable documentation

*Avoid both over-verification and under-verification*

**6**  **ESCALATE UNUSUAL CASES EARLY**

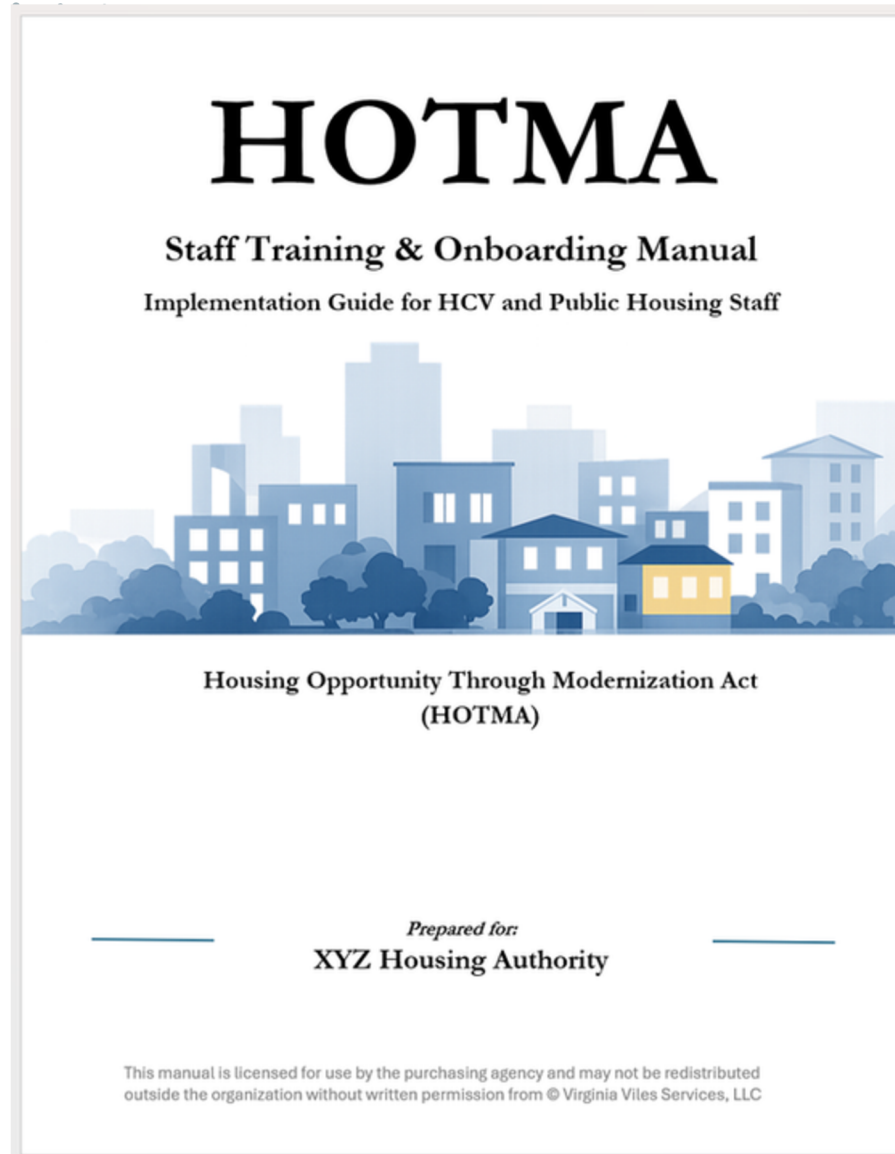
**Seek guidance when dealing with:**

- Asset limitations
- Real property ownership
- Hardship requests
- Conflicting documentation
- Complex household changes

*A 10-minute question today can prevent a finding tomorrow!*

# Additional Resources Available

Today's session comes with a Free 2-page Quick Reference Guide. To support implementation, consistency, and ongoing compliance, attendees are able to purchase the HOTMA 2026 Compliance Toolkit for \$249.00



## The HOTMA Compliance Toolkit 2026 Includes:

### 1 HOTMA Quick Reference Guide

A concise overview of major HOTMA requirements, thresholds, and operational reminders.

### 2 Asset Limitation & Self-Certification Guide

Current asset limitation information, self-certification thresholds, and documentation reminders.

### 3 Documentation & Audit Readiness Checklist

Key file review considerations and documentation practices that support compliance

### 4 Interim Reexamination Reference Sheet

A practical guide to current interim processing requirements and common compliance concerns.

### 5 Deductions & Hardship Relief Resource

Reference materials covering deductions, hardship considerations, and documentation expectations.

### 6 HOTMA Resource Links & HUD References

Direct links to notices, forms, guidance, and official HUD resources for future reference.



**KEY  
REMINDER:**

Today's training provides the overview.  
These handouts are designed to support day-to-day application after the training ends.



# TOMORROW'S GOAL IS NOT PERFECTION IT'S CONSISTENCY



**USE AND MAKE SURE THE RIGHT  
POLICY IS UPDATED**



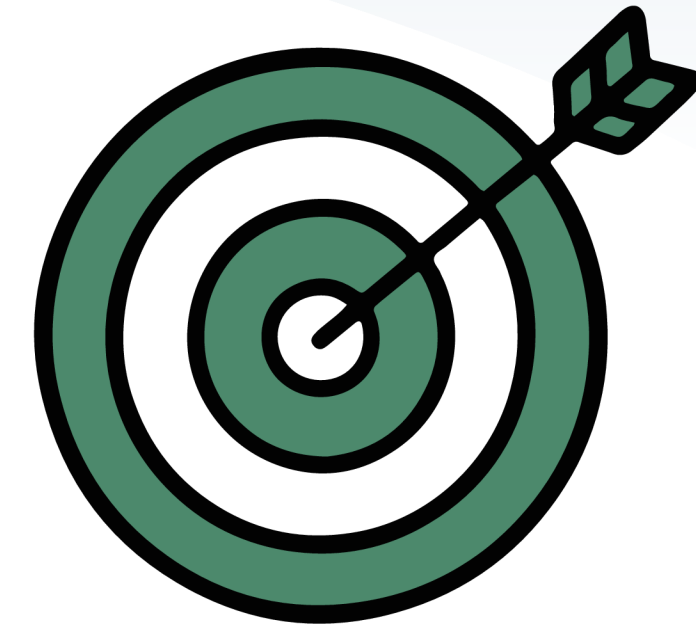
**USE THE CORRECT FORMS - STOP USING  
OLD FORMS**



**USE THE RIGHT VERIFICATION PATH**



**DOCUMENT DECISIONS STRONG ENOUGH TO SUPPORT YOUR DECISION**



# Thank you

This HOTMA 2026 Refresher is provided for general informational and training purposes only. It summarizes selected HUD regulations and implementation guidance as of June 3, 2026 and may not reflect later changes.

It does not create rights, impose obligations, or replace federal regulations, HUD notices, contracts, or your agency's ACOP, Administrative Plan, Tenant Selection Plan, or written procedures. Participants and readers should consult current HUD guidance, their own counsel, and their agency's policies before making decisions in specific cases.



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