HOTMA QUICK REFERENCE DESK GUIDE

For Public Housing Authorities (PHA)

Housing Opportunity Through Modernization Act (HOTMA)

This quick reference guide summarizes key HOTMA requirements related to **income determination, asset eligibility, deductions, and certification workflow.** *This desk guide is intended as a quick reference tool and does not replace agency policy, HUD regulations, or comprehensive HOTMA training materials.*

HOTMA IMPLEMENTATION REALITY CHECK

HOTMA regulations establish updated rules for income determinations, asset eligibility, and deductions. However, implementation across HUD systems and agency software may occur in phases. Some systems may temporarily reflect prior deduction amounts or calculation methods while updates are completed. Staff should always follow their agency's Administrative Plan, verify current HUD guidance, and review system calculations for accuracy. When system limitations affect certifications, staff should document the issue and apply agency policy. Dollar thresholds and deduction amounts referenced in this guide are **subject to annual HUD adjustment**. Agencies must apply the amounts in effect at the time of admission, reexamination, or interim action, consistent with their HUD-approved Administrative Plan.

> **2027 Edition | Prepared August 2026 | Effective January 1, 2027**
> Always verify current HUD guidance and your agency's approved ACOP/Administrative Plan before implementation.

1. ANNUAL INCOME OVERVIEW

> **Corrected:** The methodology for estimating annual income depends on the type of action — it is **not** a single blanket 12-month-forward rule.

- **Initial occupancy and interim reexaminations:** the PHA must **estimate income for the upcoming 12-month period**, based on current circumstances and anticipated changes.

- **Annual reexaminations:** the PHA must use the family's income for the **previous 12-month period**, adjusted for any changes not already accounted for through an interim reexamination.

In both cases, all amounts are counted unless HUD specifically excludes the income.

Common Income Sources to Include

- Wages, salaries, and tips
- Overtime and bonuses
- Self-employment income
- Social Security benefits
- Unemployment benefits
- Pension or retirement income
- Periodic payments from annuities or insurance policies
- Regular contributions from individuals outside the household

Common Income Exclusions

- Income of children under age 18
- Foster care payments
- Lump-sum insurance payments
- Reimbursements for medical expenses
- Earned Income Tax Credit refunds
- Certain student financial assistance

> **Staff Tip:** If income is not specifically excluded by HUD, it should generally be counted.

2. ASSET ELIGIBILITY REQUIREMENTS

> **Corrected:** The asset limitation and the 2027 dollar thresholds below apply only once your agency/program is actually complying with HOTMA Sections 102 and 104. HUD's published 2027 threshold table states that an agency/program **not yet complying with Sections 102 and 104 does not use this table.** Confirm your agency's implementation status and current HUD guidance before applying these figures as operating requirements.

Once applicable, a household is **ineligible for assistance** if:

- Net family assets exceed **$100,000** (adjusted annually), OR
- The family owns **real property suitable for occupancy**

These limitations apply at **both admission and reexamination**, subject to the phased-implementation caveat above — HUD guidance distinguishes required admission-stage enforcement from the additional discretion agencies may have for existing households at reexamination.

3. ASSET VERIFICATION REQUIREMENTS

Total Household Assets	Verification Method
Under $50,000	Self-certification permitted
$50,000 or more	Third-party verification required

When assets exceed $50,000, income must be calculated using:

- Actual income from the asset, OR

• HUD passbook rate (if applicable)

2027 THRESHOLD AMOUNTS (IF SECTIONS 102/104 APPLY TO YOUR AGENCY)	
Asset self-certification/imputed asset income threshold	$54,898
Net family asset eligibility limit	$109,797
HUD passbook rate	0.38%

Note: HUD adjusts certain HOTMA thresholds annually for inflation. Some PHA software systems may temporarily continue using prior amounts until system updates occur. Staff should follow their agency’s Administrative Plan and verify system calculations — and current Sections 102/104 implementation status — when completing certifications.

4. ADJUSTED INCOME DEDUCTIONS

Corrected: HUD's PIH guidance has explained that PHAs using the legacy HUD-50058/IMS-PIC reporting system have not been able to submit transactions reflecting the higher HOTMA deduction amounts. Do not treat the 2027 amounts below as universally enforced — confirm which deduction amounts your agency's system and current HUD guidance actually permit you to apply before using them in a certification.

Deduction Type	Amount (Pre-HOTMA / Legacy)
Dependent deduction	$480 per dependent
Elderly/Disabled household deduction	$525
Medical expense threshold	10% of annual income

2027 HOTMA AMOUNTS — WHERE ENFORCED	
Dependent deduction	$525 per dependent
Elderly/Disabled household deduction	$575
Medical expense deduction threshold	10% of annual income

Note: HUD adjusts certain HOTMA thresholds annually for inflation, but not every PHA system can yet process the updated 2027 deduction amounts. Some PHA software systems may temporarily continue using the prior (pre-HOTMA) amounts until system updates occur. Staff should follow their agency’s Administrative Plan, verify system calculations, and confirm current HUD implementation guidance before applying either column when completing certifications.

Childcare Deduction

Childcare expenses may be deducted if required for:

• *Employment* • *Job search* • *Education*

The deduction **cannot exceed earned income**.

5. INTERIM REEXAMINATIONS

PHAs may establish thresholds for income changes that require an interim reexamination. Example Policy: Reported Change Interim Required Income increase above threshold Yes Loss of income Yes Minor income fluctuation No Always follow agency policy regarding interim thresholds.

Staff Notes: *(example: Specific PHA Policy Triggers and Thresholds noted here for Quick Reference)*

6. SAFE HARBOR INCOME VERIFICATION (CORRECTED)

Corrected: Safe Harbor is **not** based on IRS tax transcripts, Social Security benefit statements, or state wage databases — those are ordinary third-party verification sources. HOTMA Safe Harbor lets a PHA rely, at **annual reexamination only**, on a current income determination already made by another **means-tested Federal public assistance program**.

Qualifying means-tested Federal public assistance programs commonly include:

- Temporary Assistance for Needy Families (TANF)
- Medicaid
- Supplemental Nutrition Assistance Program (SNAP)
- Supplemental Security Income (SSI)
- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
- Other HUD-recognized means-tested federal benefit programs

Required documentation must show the family size, the family's annual income, and fall within the 12-month period prior to the PHA's receipt of the documentation. Safe Harbor is a **PHA policy choice** — agencies are not required to use it, and it does **not** apply to new admissions or interim reexaminations. Safe Harbor helps reduce the need for repeated third-party verification at annual reexamination.

7. DE MINIMIS ERRORS (CORRECTED)

Corrected: The de minimis threshold is a specific dollar figure — not a "$30 to $50" range — and overcharges and undercharges are **not** treated the same way.

A **de minimis error** is an error where the PHA's income or rent determination deviates from the correct determination by **no more than $30 per month in monthly adjusted income ($360 per year in annual adjusted income), per family.**

Guideline	Requirement
Within HUD threshold	No more than $30/month ($360/year) in adjusted income
If the family was overcharged	The PHA **must still credit or repay** the family — a de minimis error does not excuse an overcharge
If the family was undercharged (agency error)	The family is **not required to repay** the agency
Documentation	Required — PHAs must document the error, the discrepancy, and confirm it is within the de minimis threshold
Future correction	Required going forward, regardless of any retroactive adjustment

Purpose: reduce administrative burden and tenant hardship, while still ensuring families are never left owing the PHA money because of the agency's own miscalculation.

8. CERTIFICATION WORKFLOW

When completing a certification or reexamination, staff should follow this order:

- 1. Determine annual income
- 4. Calculate adjusted income
- 2. Review asset eligibility
- 5. Determine tenant rent
- 3. Apply allowable deductions
- 6. Complete documentation and certification

HOTMA CERTIFICATION WORKFLOW

Application / Reexamination → **Household Interview** → **Income Verification** → **Asset Verification** → **Apply HOTMA Rules** → **Finalize Certification**

PHA NOTES:

9. CERTIFICATION FILE CHECKLIST

Before finalizing a certification confirm:

✓ Income verified
✓ Assets documented or self-certified
✓ Deductions applied correctly
✓ Household composition updated
✓ Tenant signatures obtained
✓ File documentation complete

PHA NOTES:

HOTMA INCOME INCLUSION & EXCLUSION CHART

This chart helps staff quickly determine whether income should be included in annual income calculations.

Income Type	Include or Exclude	Notes
Wages / salaries	**Include**	Includes tips and regular overtime
Overtime / bonuses	**Include**	Anticipated income
Self-employment income	**Include**	Net income after expenses
Social Security benefits	**Include**	Retirement and disability benefits
Unemployment benefits	**Include**	Temporary income still counts
Pension / retirement income	**Include**	Periodic payments
Annuity payments	**Include**	If recurring
Regular outside contributions	**Include**	Financial support from others
Income of children under 18	**Exclude**	Unless head/spouse
Foster care payments	**Exclude**	HUD exclusion
Lump-sum insurance payments	**Exclude**	Not counted as annual income
Medical reimbursements	**Exclude**	Includes insurance reimbursements
Earned Income Tax Credit refunds	**Exclude**	Tax refund exclusion
Certain student financial aid	**Exclude**	Per HUD guidance — see the HOTMA Student Income Desk Chart for the corrected dependent-student earned-income and scholarship rules

Need a Complete HOTMA Training Resource?

This quick reference guide highlights only the core HOTMA requirements staff encounter during certifications and reexaminations.

What This Desk Guide Does NOT Cover

- Detailed income calculation scenarios
- HOTMA implementation decision trees
- Administrative Plan alignment guidance
- Staff onboarding exercises
- Common audit findings & corrections

For a deeper dive into HOTMA Sections **102, 103, and 104**, Virginia Viles Services offers a **HOTMA Staff Training & Onboarding Manual** that provides step-by-step implementation guidance, staff training modules, and compliance tools designed specifically for Public Housing Authorities.

The manual helps PHAs train new staff faster, apply HOTMA rules consistently, and stay current as HUD guidance evolves.

Contact **Virginia Viles Services, LLC** to learn how your PHA can access the full HOTMA training guide.

