

HOTMA QUICK REFERENCE DESK GUIDE



VIRGINIA VILES SERVICES, LLC



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.

1. ANNUAL INCOME OVERVIEW

Annual income includes **all amounts reasonably anticipated to be received during the next 12 months**, 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

4. ADJUSTED INCOME DEDUCTIONS

Deduction Type	Amount
Dependent deduction	\$480 per dependent
Elderly/Disabled household deduction	\$525
Medical expense threshold	10% of annual income

2026 INCOME DEDUCTION AMT	
Depended Deduction	\$500 per.
Elderly/Disabled Household Deduction	\$550
Medical Expense Deduction Threshold	10% of annual income



Note: HUD adjusts certain HOTMA thresholds annually for inflation. Some PHA software systems may temporarily continue using prior deduction amounts until system updates occur. Staff should follow their agency's Administrative Plan and verify system calculations 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

HOTMA allows agencies to rely on **verified prior-year income information**.

Common Safe Harbor sources:

- IRS tax transcripts
- Social Security benefit statements
- State wage databases

Safe Harbor helps reduce the need for repeated third-party verification.

7. DE MINIMIS ERRORS

A de minimis error is a small error in income or rent calculations that does not significantly affect assistance. Guideline Requirement Within HUD threshold No retroactive correction Tenant repayment Not required Documentation Required Future correction Required Purpose: reduce administrative burden and tenant hardship. PHAs must apply HUD-defined de minimis thresholds and document corrections in accordance with HUD guidance

DE MINIMIS Guidelines:

	Within HUD Threshold An error that falls within the HUD-established de minimis threshold (typically \$30 to \$50) does not require retroactive correction.
	Tenant Repayment Tenants do not need to repay de minimis errors falling within the threshold.
	Documentation Still Required PHAs must document the error, the income/rent discrepancy, and confirm it is within the de minimis range.
	Future Correction Errors must be corrected going forward, even if no retroactive adjustment is made.

REMEMBER
HUD sets national **de minimis** thresholds but individual PHAs can establish their own. Staff must know the current threshold and document all **de minimis** errors.

Purpose: reduce administrative burden and tenant hardship.

8. CERTIFICATION WORKFLOW

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

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

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.