The HOTMA Roadmap: Navigating Compliance with Confidence

Refresher Training

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Learning Objectives

- Identify major HOTMA changes to eligibility, income, assets, and deductions
- Apply asset limits and real property rules at initial admission and reexaminations
- Calculate income and deductions using new definitions, exclusions, and thresholds
- Implement phased-in relief and hardship exemptions to minimize family rent burden
- Conduct compliant annual, interim, and non-interim reexaminations

Learn More!

HOTMA 2027: A Practical Guide to the New Requirements

Check out the above NAHRO training for a review of the HOTMA Sections 102 and 104 requirements that become effective January 1, 2027.

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Effective vs Compliance Dates

Effective Date

- **Date the regulation officially goes into effect.**

Compliance Deadline

- **Date by which agencies must fully enact.**

HOTMA Sections 102 & 104 — full compliance enforced January 1, 2027

All HUD-50058 transactions effective on or after 1/1/2027 must be HOTMA-compliant — for all PHAs except MTW and FRS agencies. Agencies that begin annuals 120 days early start using HOTMA policies in September 2026.

Source: Notice PIH 2026-15

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Mandatory vs Discretionary Rules

Mandatory Changes

- Effective Date set by HUD.
- Compliance Date set by HUD.
- Written policies updated by HUD's compliance deadline.

Discretionary Changes

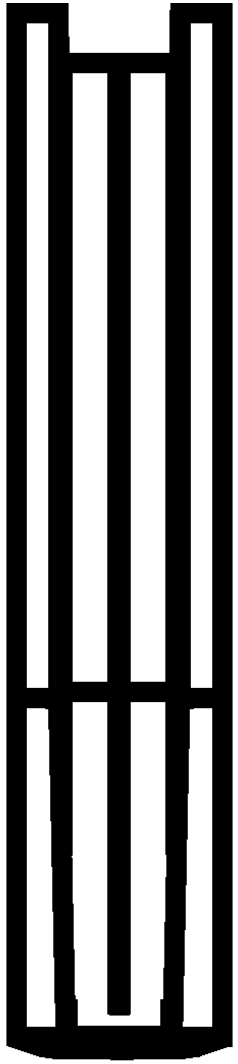
- Effective Date set by HUD.
- Compliance Date set by PHA.
- May require board approval or public notice/comment.
- Written policies updated prior to policy implementation.

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It’s time to implement the HOTMA rules around income and assets that were previously on hold.

Compliance deadline: January 1, 2027

Full enforcement of HOTMA Sections 102 & 104 (PIH 2026-15)



What's Changing Under HOTMA

Income calculations, asset limits, and the forms we use

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Changes in how we calculate income

- Inflationary Adjustments – Updated Annually
- Interim Revision Thresholds
- Non-Interim Revisions
- New Asset Categories: Real or Personal Property
- Imputed Asset Calculation Changes
- Phased-in Hardships
- Annual Recertification Streamlining

Changes to who is eligible for assistance

- Asset Limits Introduced
- Real Property Considered
- Enforcement Required at Admission

Changes to the forms we use

Previous 50058

6. Assets

6a. Family member name	No.	6b. Type of asset	6c. Calculation (PHA use)	6d. Cash value of asset	6e. Anticipated Income
				$	$
				$	$
				$	$
				$	$
				$	$
				$	$
				$	$
				$	$
6f, 6g. Column totals				$ 6f.	$ 6g.
6h. Passbook rate (written as decimal)					0. 6h.
6i. Imputed asset income: 6f X 6h (if 6f is $5,000 or less, put 0)					$ 6i.
6j. Final asset income: larger of 6g or 6i					$ 6j.

Path B: Keep the 2020 form

Agencies that cannot adopt the 2024 HUD-50058 by January 1, 2027 may continue using this 2020 form with HUD's alternative reporting instructions.

PIH 2026-15, Appendix B

Changes to the forms we use

New 50058

6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				$ 6g.	$ 6h.	$ 6i.
6j. Passbook rate (written as decimal)						6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						6k.

Path A: Adopt the 2024 form

The 2024 HUD-50058 already reflects HOTMA requirements. Agencies may begin submitting it as soon as their software allows.

PIH 2026-15, Section IV

Updated Eligibility Criteria

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Asset Limitations

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Asset Limits at New Admission

Mandatory

New applicants will be ineligible for assistance if they have “net” family assets greater than HUD’s asset limit. This limit is adjusted annually.

First set in 2024 at $100,000 per statute.



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What's a "Net" Asset?

Net family assets are the total value of everything a household owns, after subtracting any reasonable costs needed to turn those items into cash.



- Includes real property, savings, stocks, bonds, and other investments.
- Reasonable costs may include broker fees, penalties, closing costs or other expenses incurred to sell or convert the asset.

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Current Asset Eligibility Limit

2026 HUD Inflation-Adjusted Values (Table 1): Effective January 1, 2026

Note: If your agency/property/program administrator is not yet complying with Sections 102 and 104 of HOTMA, you will not utilize this table. Annual inflationary adjustments, the new thresholds (e.g., asset limitation), and the requirement to use this passbook rate are among the provisions of Sections 102 and 104 of HOTMA.

Calculation Component	Adjusted Item	Regulatory Reference	Amount	Applicable Programs[1]
Asset Limitation	Eligibility restriction on net family assets	24 CFR § 5.618(a)(1)(i)	$105,574	Section 8 PBRA, 202/8, HCV, Public Housing, Section 8 Mod Rehab, Section 8 Mod Rehab SRO, HOPWA

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Asset Limits after Admission

Discretionary Policy

Options

- Total Non-Enforcement
- Total Enforcement
- Limited Enforcement

Exceptions

In addition to the options, PHAs may establish exceptions based on things like age, disability status, or available housing options.

- Must still determine asset for income determinations.
- Anything under the threshold ($50,000 at HOTMA effective date) can be self-certified.

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Owning Real Property

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What's "Real" Property?

Real property is defined by the state in which the property is located.



- Owning real property can cause a household's net assets to exceed the asset limit.
- Households are not eligible for assistance if they own real property that is suitable for living in, unless an exemption applies.

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What's Suitable for Use?

To be considered "suitable", the property must meet three standards:



- Legal Ownership and Authority
- Livability Standards
- Reasonable Access

Reminder: Even if a property isn't considered a usable, its value may still be counted as part of **net family assets**.

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Special Property Exemptions



The property doesn't count as a suitable home if:

- It's assisted under the HCV Program.
- It's co-owned with someone who lives in it.
- It's currently for sale.
- A family member is claiming VAWA protections

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Transfer Real Property

If a family is found non-compliant due to ownership of habitable real property, they must either:

- Dispose of the property, or
- Show that it now meets an allowable exclusion, such as being actively listed for sale.
- Net asset considerations still remain.



Real Property Exclusions

- It's assisted under the HCV Program.
- It's co-owned with someone who lives in it.
- It's currently for sale.
- A family member is claiming VAWA protections.

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Changes to Income Calculation

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Assets: self certification

Self-certification for assets less than $50,000 (adjusted for inflation)

Accepts:

- Required to fully verify net family assets every three years.
- Families can also self-certify that they do not have any present ownership interest in any real property

Does Not:

- Must verify a family's net assets.

PHA Policy Option:
Must include in their ACOPs or Admin Plans if accepting a family's self-certification of net family assets equal to or less than $50,000 at admission and at reexamination.

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Current Asset Threshold (2026)

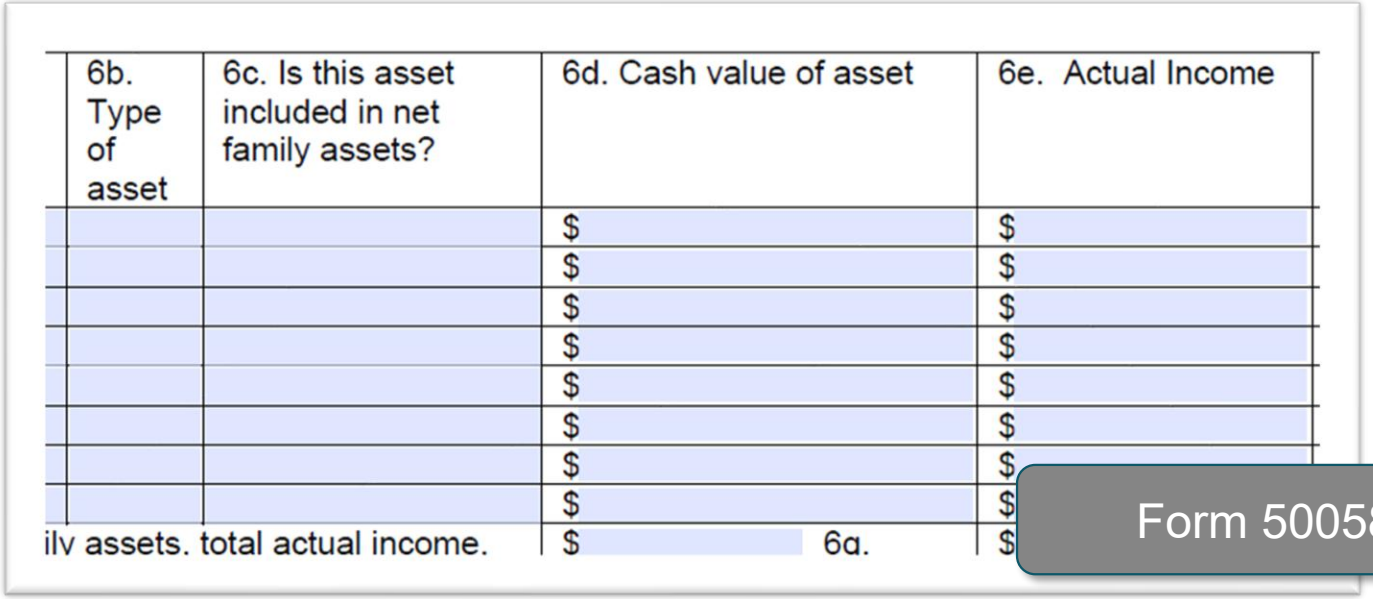
Total of NNPP at or below limit	Value is not counted, but actual income is counted.
Total of NNPP above limit	Both value and actual income are counted.

Threshold above which the total value of non-necessary personal property is included in net family assets	24 CFR § 5.603(b) Definition *Net family assets*	$52,787	Section 8 PBRA, 202/8, 202/811 PRAC 236 IRP, 811 PRA, SPRAC, HCV, Public Housing, Section 8 Mod Rehab, Section 8 Mod Rehab SRO, HOPWA, HOME,

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Summary of Asset Types

Type of Asset		How it is treated in net family assets
Necessary personal property (NPP)		Value is not counted.
Non-necessary personal property (NNPP)	Total of NNPP at or below limit	Actual income is counted but value is not counted.
	Total of NNPP above limit	Both actual income and value are counted.
Real property		Both actual income and value are counted.

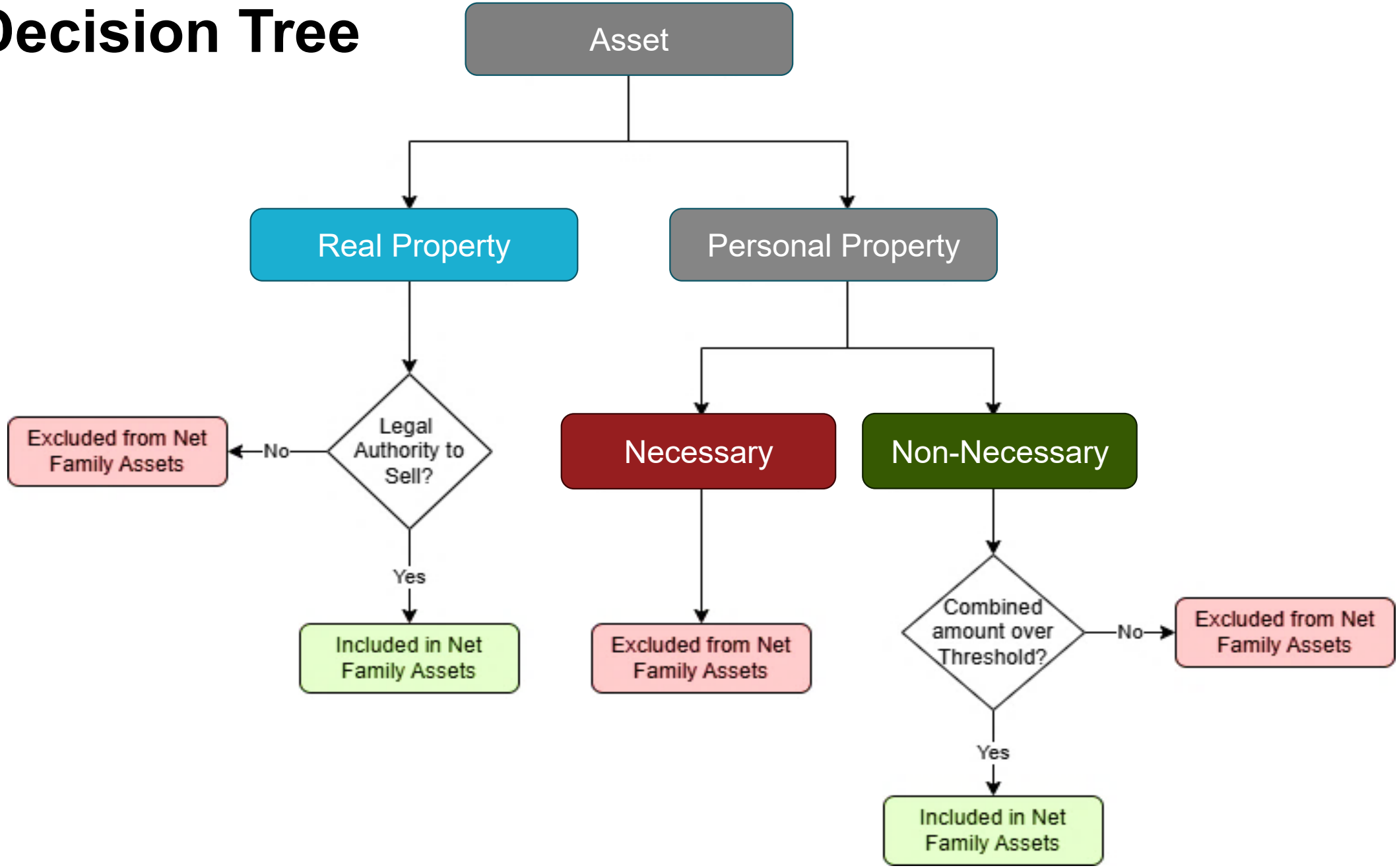


6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income
		$	$
		$	$
		$	$
		$	$
		$	$
		$	$
		$	$
		$	$
ily assets. total actual income.		$ 6a.	$

Form 50058

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Asset Decision Tree



Knowledge Check

Josephine Bacon has a checking account with a balance of $2,000 that doesn't earn any interest. She also owns a car with a current market value of $8,000. She uses this car for commuting to work and for family transportation. She has no other assets.

True or False: The value of the car is excluded from the calculation of net family assets.

A True

B False

Actual Asset Income Calculations Unchanged

The calculation of actual income earned from assets remains unchanged.

Market Value: The total value of the asset before any deductions.

The total received if the asset was sold today.

Cash Value: The amount of money the family can actually access.

Market Value - Fees or Penalties = Cash Value

Actual Asset Income: The real income an asset earns, like interest or dividends.

Cash Value of Asset x Interest Rate = Actual Asset Income

Imputed Asset Income: Calculated when total cash value exceeds the asset threshold.

Total Cash Value x Passbook Rate = Imputed Asset Income

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Imputed Asset Income Calculation Changed

The calculation of imputed asset income is still triggered when net family assets exceed the asset limit but is now only applied to individual assets.

Imputed Asset Income: Calculated when a total cash value exceeds the asset threshold; only when actual income can't be determined.

Individual Asset Cash Value x Passbook Rate = Imputed Asset Income

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Imputed Asset Triggers

A family is subject to imputed income when all three occur:

The actual amount is unknown, not assets with a $0 value.

The asset is not explicitly excluded by HUD.

The household's combined net assets exceed HUD's asset threshold.

Imputed income is never applied to excluded assets or to assets where actual income can be verified.



Imputed Asset Income: Calculated when a total cash value exceeds the asset threshold; only when actual income can't be determined.

Individual Asset Cash Value x Passbook Rate = Imputed Asset Income

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NNPP Assets Below Threshold

Savings Account: $45,000 earning 0.02% interest

$45,000 x .02% = $9

Asset Threshold: $52,787

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
Karen Jacob	1	NNPP	No	$ $0	$ 9.00	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				$ 0 6g.	$ 9.00 6h.	$ 6i.
6j. Passbook rate (written as decimal)						6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						9.00 6k.

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NNPP Assets Above Threshold

Checking Account: $10,000 earning 0% interest

$10,000 x 0% = $0

Asset Threshold: $52,787

Stocks: Valued at $45,000 earning $405 annually

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
Buddy Holly	1	NNPP	Yes	$ 10,000	$ 0	$
Buddy Holly	1	NNPP	Yes	$ 45,000	$ 405	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				$ 55,000 6g.	$ 405 6h.	$ 6i.
6j. Passbook rate (written as decimal)						6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						405 6k.

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Comparing Pre and Post HOTMA Calculations

Pre-HOTMA

- Multiply the passbook rate by the total cash value.
- Final asset income is **the highest of** actual or imputed income.

Imputed Asset Income: Calculated when total cash value exceeds the asset threshold.

Total Cash Value x Passbook Rate = Imputed Asset Income

Post-HOTMA

- Multiply the passbook rate only to assets without a known return.
- Final asset income is the **total** of actual and imputed income.

Imputed Asset Income: Calculated when a total cash value exceeds the asset threshold; only when actual income can't be determined.

Individual Asset Cash Value x Passbook Rate = Imputed Asset Income

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Knowledge Check

True or False:

Imputed asset income must be calculated on the balance of a checking account with a balance of $89,000 earning 0% interest.

A. True

B. False

Knowledge Check

- A checking account with a balance of $5,000 earning no interest
- A savings account with a balance of $20,000 that earns $500 in annual interest
- A savings account with a balance of $10,000 that earns $200 in annual interest
- A car used for family transportation, valued at $25,000
- A boat used for recreational sport fishing, valued at $30,000

Using the information above, calculate the total combined value of all non-necessary personal property:

A $35,000

B $700

C $65,000

D $30,000

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Inflationary Adjustments and Hardships

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Fluctuating Standard Deductions

Standard annual income deductions are no longer a fixed amount and change annually based on the cost of living.

Elderly/Disabled Family Allowance*	**Elderly/Disabled Households**
Dependent Allowance	**Also applies to related deductions and exclusions, including Full-Time Student deductions and Adoption Assistance payments.**

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Calculation Component	Adjusted Item	Regulatory Reference	Amount	Applicable Programs[1]
Annual Income	Income exclusion for earned income of dependent full-time students	24 CFR § 5.609(b)(14)	$500	Section 8 PBRA, 202/8, 202/811 PRAC 236 IRP, 811 PRA, SPRAC, HCV, Public Housing, Section 8 Mod Rehab, Section 8 Mod Rehab SRO, HOPWA, HOME, HTF
	Income exclusion for adoption assistance payments	24 CFR § 5.609(b)(15)	$500	Section 8 PBRA, 202/8, 202/811 PRAC 236 IRP, 811 PRA, SPRAC, HCV, Public Housing, Section 8 Mod Rehab, Section 8 Mod Rehab SRO, HOPWA, HOME, HTF
Adjusted Income	Mandatory deduction for elderly and disabled families	24 CFR § 5.611(a)(2)	$550	Section 8 PBRA, 202/8, 202/811 PRAC 236 IRP, 811 PRA, SPRAC, HCV, Public Housing, Section 8 Mod Rehab, Section 8 Mod Rehab SRO, HOPWA, HOME
	Mandatory deduction for a dependent	24 CFR § 5.611(a)(1)	$500	Section 8 PBRA, 202/8, 202/811 PRAC 236 IRP, 811 PRA, SPRAC, HCV, Public Housing, Section 8 Mod Rehab, Section 8 Mod Rehab SRO, HOPWA, HOME

Current Inflationary Allowances

Elderly/Disabled Family Allowance

Dependent Allowance

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Increased Medical Deduction Thresholds

The threshold for deducting unreimbursed medical care expenses and reasonable attendant or auxiliary apparatus expenses increases from 3% to 10% of a family's annual income. This increase will be phased in for anyone currently receiving the 3%.

Health and Medical Care Expenses

Examples:

- Costs for the diagnosis, treatment, or prevention of diseases
- Medical insurance
- Long-term care premiums

Reasonable Care or Aux. Equipment

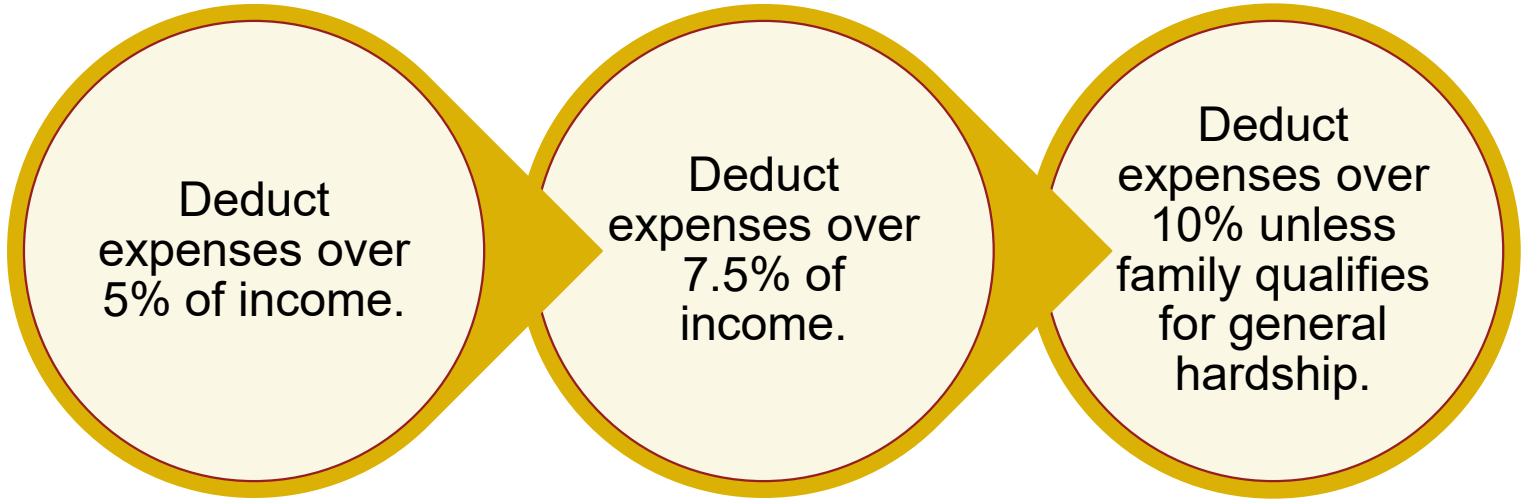
Examples:

- Wheelchairs
- Ramps or lifts
- Assistance with daily activities

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Two (2) Year Phase-In Period

This phased-in process continues for families who move to another unit or port to another PHA.



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Additional Permissive Deductions

- Some agencies may establish an additional deduction or deductions from a family's annual income. MFH Owners are not permitted to adopt permissive deductions.
- These additional deductions are not covered by federal subsidy.

Examples:

- Income earned by certain family members.
- Income earned by families with certain characteristics.
- Income from guaranteed income programs.
- Unreimbursed medical expenses for foster children or foster adults.
- Income earned during certain time periods or from specific sources.

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Interim Decreases

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Income Decrease Threshold

Before, we were required by HUD to process an interim whenever a family reported a decrease in income, regardless of the amount. **Now, an interim decreases will only be required if a family's adjusted income decreases by 10% or more.**

Your agency may have chosen to set a lower threshold, such as 5%, for processing income decreases.

Important: Agencies cannot use a flat dollar amount ($1,000) as an interim threshold.

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Interim Increases



Earned Income Increases Don’t Count

When checking whether a family’s income has increased by 10%, PHAs and owners generally do not include increases in earned income in that calculation.

If a family had an interim decrease earlier in the same year, any subsequent increase in earned income may be included when determining whether the 10% increase threshold has been met.

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Calculation of Family Income

The following are not considered earned income

- Any pension or annuity
- Transfer payments – payments or income received where no goods or services were offered
  - Welfare
  - Social Security
  - Government subsidies for certain benefits
- Any cash or in-kind benefits

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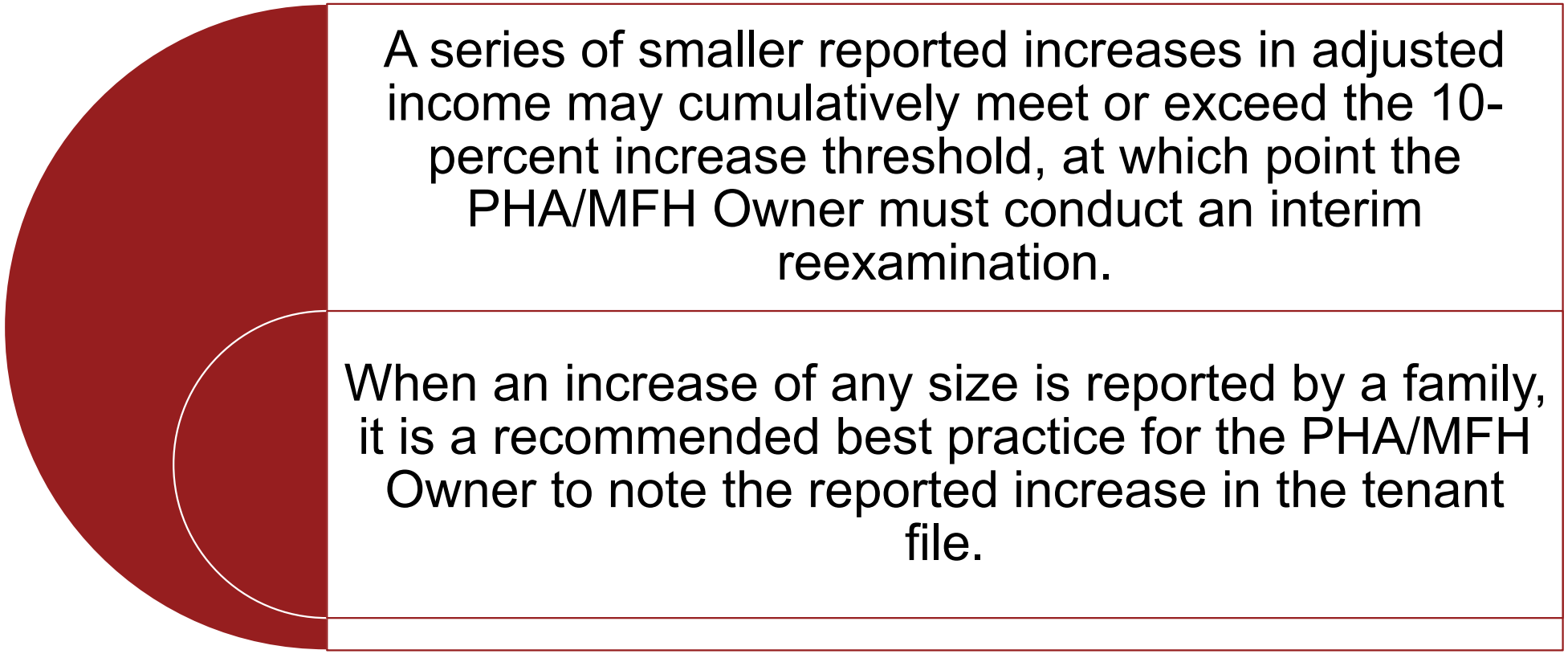
General Rule for Changes in Household Composition

An interim must always be processed (0% change threshold) whenever there is an increase or decrease in household composition.

Increases in earned income are still not considered until the next annual.

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Interims: Cumulative Changes



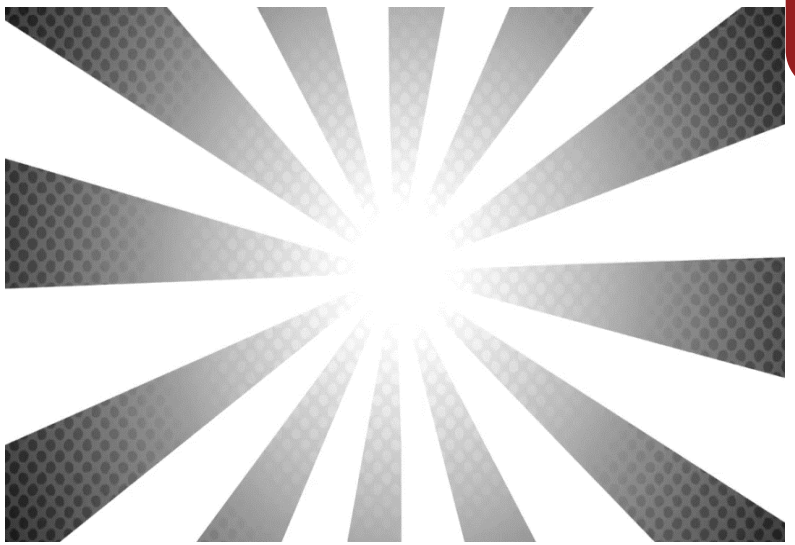
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Exceptions to the Rule

- Agencies **may** choose not to conduct an interim if a family reports an income increase within three months of their next annual reexamination.
- This includes changes in family composition.

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Income Reexaminations



WHEN TO DO AN INCOME REEXAMINATION

- Family requests reexamination (PHA may decline if does not meet criteria)
- Income decreases by 10% (or lower established by PHA)
- Unearned income increases by 10% (unless within last three months of certification period)
- Earned income increases by 10% AND family had an interim reduction during the certification period (unless within last three months of certification period)

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Non-Interim Increases

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When to Use a Non-Interim Reexamination

- Hardship Exemptions or Relief Updates
- Minimum Rent Hardship
- Citizenship and Social Security Updates

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Annual Recertifications



Calculation of Family Income

Income Reviews

Current year income

- Initial eligibility
- Interim reexamination

Prior year income

- Annual re-examination

PHAs may adjust income as needed

Either due to reexam, or changes in income not accounted for in reexam

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Basic Steps to Complete an Annual

Step 1: Review Prior-Year Income

Step 2: Check for Interims

Step 3: Finalize Annual Reexam

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24 CFR 5.609(C)
ANNUAL REEXAMINATIONS



- The PHA must determine the family income for the ***previous 12-months***

  unless using a streamlined income determination (fixed-income)

- The PHA must take into account any redetermination from an interim reexamination and any unaccounted income changes.

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STEPS TO CONDUCTING ANNUAL REVIEW

Step 1: Review

- EIV
- Recent 50058
- Family Certification on documents

Step 2: Determine if any Interims occurred

- If yes, use annual income from interim
- If No and family reported an interim that was not processed, go to step 3.
- If No and no changes, go to Step 4

Step 3: Use current income to calculate

Step 4: If no changes, use prior year income to calculate

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DOCUMENTATION FOR USING PRIOR YEAR INCOME

EIV + Self Certification

Wages, Supplemental Security Income (SSI), Social Security, and Unemployment

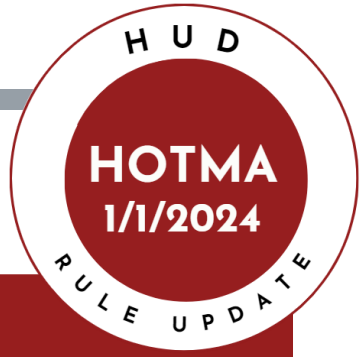
Current level 4 documents verifying prior-year income that are dated within the required timeframe (120 days of receipt by the PHA/MFH Owner):

Year-end statement	Paycheck with year-to-date amount	Tax forms (Form 1040, W2, 1099, etc.)

If there are reported changes by the family or the PHA/MFH Owner notes discrepancies between EIV and what the family reports, follow the verification hierarchy to document and verify income.

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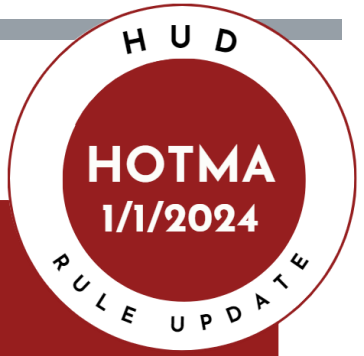
Verification Hierarchy (2023-27 PIH)



Level	Verification Technique	Ranking/Description
6	**Upfront Income Verification (UIV)** using HUD's Enterprise Income Verification (EIV) system	**Highest** • PHAs/MFH Owners must pull the EIV Income Report for each family at every Annual Reexamination. • EIV may be used as the sole verification of Social Security income. • EIV income information may be used to calculate other types of annual income when family agrees. See Level 4 for more information.
5	**Upfront Income Verification (UIV)** using non-EIV system	**Highest** **Includes:** The Work Number, web-based state benefits systems, etc.

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Verification Hierarchy (2023-27 PIH)



Level	Verification Technique	Ranking
4	**Written, third-party verification from the source, also known as "tenant-provided verification"** OR **EIV + Self-Certification** PHAs/MFH Owners can choose either option when both are available to verify income.	**High** • Written, third-party verification is used when tenant disputes EIV-reported employment and income information. • The EIV Income Report may be used to verify and calculate income if the family self-certifies that the amount is accurate and representative of current income. The family must be provided with the information from EIV.

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Verification Hierarchy (2023-27 PIH)

HUD HOTMA 1/1/2024 RULE UPDATE

Level	Verification Technique	Ranking
3	**Written Third Party Verification Form** Use when not available in EIV (e.g., self-employment, Go Fund Me accounts, general public assistance, Veterans Administration benefits, etc.)	**Medium** • Use if Level 5 or Level 4 verification is not available or is rejected by the PHA/MFH Owner and when the applicant or tenant is unable to provide acceptable documentation. • May substitute Level 2 for written, third-party verification form, only completing one of the two forms of verification before moving to self-certification.
2	**Oral Third Party Verification**	**Medium**
1	**Participant Declaration**	**Low** Use as a last resort when unable to obtain any type of third-party verification or if specifically permitted, such as to determine actual income from assets when the family certifies that net family assets do not exceed $50,000.

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ANNUAL RE-EXAMINATIONS: ESTABLISHING PATTERNS

- Family fundraises $5,000 online to help pay for personal expenses (e.g., "Go Fund Me").
  - The PHA/MFH Owner verified with that this was a one-time solicitation for donations of cash and that the family does not intend for this to be a recurring source of income.
  - The $5,000 is a one-time, lump- sum addition to net family assets and should not be included in the annual income calculation.
- At the next annual reexamination, the PHA/MFH Owner determines that the family solicited for donations online a second time and raised an additional $4,500.
  - Again, the family certified that they does not intend for this to be a recurring source of income, but, because the PHA/MFH Owner can establish a pattern, the $4,500 is **not** considered a lump-sum addition to net family assets and **should** be included in the annual income calculation.

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Last, Finalize the Annual Reexamination

Step 3: Finalize Annual Reexam

Adjust the family's income to reflect any permanent income changes that have happened since the last annual reexamination.

Based on this income, determine the new amount the family is responsible for paying toward rent and utilities (total tenant payment).

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Inflationary Adjustment Summary

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Income Exclusions & Deductions: 2026

Item	Amount	Regulatory Reference	Programs
Dependent Full-Time Student Income Exclusion	$500	§ 5.609(b)(14)	All HUD programs listed
Adoption Assistance Exclusion	$500	§ 5.609(b)(15)	All HUD programs listed
Mandatory Deduction – Elderly/Disabled Family	$550	§ 5.611(a)(2)	All HUD programs listed
Mandatory Deduction – Dependent	$500	§ 5.611(a)(1)	All HUD programs listed

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Asset Limits and Thresholds: 2026

Item	Threshold/Amount	Regulatory Reference	Programs
Asset Limitation for Eligibility	$105,574	24 CFR 5.618(a)(1)(i)	HCV, Public Housing, PBRA, Mod Rehab, HOPWA
Imputed Return on Assets (Annual Income)	$52,787	24 CFR 5.609(a)(2), (b)(1)	All HUD programs listed
Inclusion of Non-Necessary Personal Property	$52,787	24 CFR 5.603(b)	All HUD programs listed
Self-Certification of Assets Allowed Up To	$52,787	Multiple (§ 5.618(b)(1))	All HUD programs listed

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Passbook Rate: 2026

Item	Rate	Regulatory Reference	Programs
Passbook Rate (for imputed interest)	0.40%	§ 5.609(a)	All HUD programs listed

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Learn More!

HOTMA 2027: A Practical Guide to the New Requirements

Check out the above NAHRO training for a review of the HOTMA Sections 102 and 104 requirements that become effective January 1, 2027.

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Key Takeaways

- Income & assets: new net-asset rules, a $52,787 asset threshold, and a 0.4% imputed passbook rate (2026).
- Asset limits and real-property restrictions apply at admission, with defined enforcement after.
- Deductions, hardship relief, and medical thresholds are now inflation-adjusted and phased in.
- Interim reexaminations follow new thresholds — any change in household composition triggers one.
- **Compliance deadline: January 1, 2027** — except MTW and FRS PHAs.
- **Questions? Email HOTMAQuestions@hud.gov**

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