

# HOTMA

Housing Opportunity Through Modernization Act of 2016

## HOTMA: What Does it Mean for Me?

### Part 1: Income and Reviews

#### A Training for Public Housing Residents and Housing Choice Voucher Program Participants



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# Training Topics

1. Background on HOTMA
2. Annual income reviews
3. Interim reviews
4. Related resources for residents

## Webinar 2:

1. Net family assets
2. Real property





# BACKGROUND ON HOTMA

# New Rules on Income and Reviews

- HOTMA — Housing Opportunity Through Modernization Act
- PHA — Public Housing Agency
- Affects public housing & Housing Choice Voucher participants
- PHAs will make these changes by January 1, 2025
- PHAs have some discretion on how some rules are implemented



# Overview of Income Changes Impacting Residents

## These new rules make changes to:

- What counts as income.
- When you need an interim review.
- When rent changes take effect after an interim review.

**Adjusted income:** total of all included income for the family in a year, minus deductions. Rent is based on this number.





# INCOME CALCULATIONS

# Changes Income Definition

## Income review (reexamination or recertification)

- Determines your rent from your monthly adjusted income
- Using federal rules, PHA decides which money counts as income and what does not

**Included income:** Counts as part of your income.

**Excluded income:** Doesn't count in determining your income and rent. Must be specifically excluded.



# Family Members and Income

**Household / family members:**  
**Generally, the people who live with you.**

**Not included:**

- Home health/ live-in aides
- Foster children / adults
- Earned income of family members under 18 years old and full-time students is not included.

**Do include:**

- Family members who are temporarily away.





# Earned & Unearned Income

## **Examples of earned income (excluded for anyone under 18 and full-time students):**

- Wages, salaries, tips, or other pay from work.
- Net income from self-employment.
- Earnings as a day labor, seasonal work, or independent contractor.

## **Examples of unearned income (included for all family members):**

- Government subsidies or benefits (TANF, social security or disability payments).
- Any pension or annuity.
- Child support payments.
- Income from assets (dividends from stocks, bonds, or other financial investments).

# Excluded (Not Counted) Income

**Common types of income that are *excluded (not counted)* from income calculations:**

- Income earned by children under 18 years old
- Income from temporary, one-time jobs
- Tax refunds and credits
- Presents or gifts from family and friends
- Free items like food, clothes, and shampoo
- Special payments for people with disabilities so they can live at home
- Student financial aid, like loans or grants for school
- Payments for taking care of foster children or adults

See the [HOTMA Resident Worksheet: Student Financial Aid](#) for more information.

# Examples: Included and Excluded Income

## Example 1: Seasonal Worker

Ana Johnson, camp counselor

- Works during the summer
- Likely to be contracted again next year based on discussions with her employer

Income is ***included***.



## Examples: Included and Excluded Income

### Example 2: Independent Business Owner

Bill Conrad, Landscaper and business owner

Has income but also business expenses

Total income: \$75,000

– Business expenses \$35,000 ← Excluded

= **Net income \$40,000 ← Included**

Only the net income of \$40,000 is included in Bill's annual income.



# Examples: Included and Excluded Income



## Example 3: Non-Recurring Income

Trevor Lucky won \$1,000 in the lottery.

Income is ***excluded***.



# INTERIM REVIEWS

# What is an Interim Review?

- Happen when there are changes in family income or who lives with you.
- Interim reviews happen between regular, annual reviews.
- May happen less often under HOTMA.
- Each PHAs rules may be different.



# Income Decreases

Income decreases by 10% (or less, based on PHA policy) require an interim review.

Report as soon as possible.





# Income Increases

Income increases by 10% or more **may** require an interim review.

Your PHA might **not conduct an interim review** after an income increase if:

- The increased income is from **earned income**.
  - » Unless you also had a rent reduction since the last regular review (depending on PHA policy).
- Your income increased by less than 10%.
- Your next annual review is within 3 months (depending on PHA policy).

# Example

**January:**  
\$30,000 in  
annual income  
(\$2500 / month)  
at annual review

**July:** Unearned  
income (child support)  
increases \$125 / month  
(**10%** since annual).  
Tenant reports change.

**October:**  
New rent

**February:** Unearned  
income (child  
support) increases  
\$125 / month (**5%**  
since annual)

**August:** PHA conducts  
interim review. Total  
change = \$250/ month  
(**10%**). PHA gives  
notice of rent increases

# Income Estimation Tool

$$\$3,000 / 12 = \$250$$

*Check out the [Income Estimation Tool](#) for yourself!*

Family's **adjusted annual income:**

If your family's adjusted annual income is anticipated to **increase** by this amount or more, for the 12 months following your recertification you may be required to report the change to your rental office. Your monthly payment may then be adjusted. ➔

**\$ 3,000.00**

If your family's adjusted annual income is anticipated to **decrease** by at least this amount for the 12 months following your annual examination, you may report this to the rental office and an interim recertification may lower your monthly payments. (This amount is based on a calculation of  of your adjusted annual income.) ➔

**\$ 3,000.00**

# What if Someone Moves In or Moves Out?

**Always report changes to your household.**

## Addition to the household:

- Birth / adoption
- Foster child / adult
- Other dependent
- Adult (Age 18+)
- Elderly (Age 62+) / disabled family member

## A reduction in the household:

- Family member permanently moved out.
- Family member passed away.

If there is a <b>decrease</b> in family size and your family's adjusted income ...		The PHA will ...
<b>decreases</b>		<b>always</b> conduct an interim review
<b>increases</b>		process the change, but not conduct an interim review unless the threshold is met.

# How Soon Will Your Rent Change?

Income increase or decrease?	Did you report on time?	When your rent would change:
<b>Decrease</b>	Yes	1st day of the month after the event
<b>Decrease</b>	No	1st day of the month after the review (PHA <i>may</i> allow retroactive decrease)
<b>Increase</b>	Yes	1st day of the month after 30 days' notice
<b>Increase</b>	No	Retroactive to 1st day of the month after event

**Rule of thumb: report as soon as you can!**



# ADDITIONAL RESOURCES

# Resident Fact Sheets and Worksheets

- Income Calculation and Reviews
- Health, Medical, and Childcare Deductions
- Interim Reviews
- Student Financial Aid




# PHA Materials

Resources and assistance to support HUD's community partners

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**HOTMA**  
The Housing Opportunity Through Modernization Act of 2016 (HOTMA) was enacted in 2016 and affects public housing and Section 8 rental assistance programs.

[Learn about HOTMA](#)

[Home](#) > [Programs](#) > [HOTMA](#)

 <p><b>Overview</b></p> <p>The Housing Opportunity Through Modernization Act of 2016 (HOTMA) was enacted in 2016 and affects public housing and Section 8 rental assistance programs. Title I of HOTMA</p>	 <p><b>HOTMA Law and Regulations</b></p> <p><a href="#">Pub. L. 114-201</a> <a href="#">HOTMA Income Final Rule</a> <a href="#">HOTMA Income Regulatory Impact Analysis (DIA)</a></p>	 <p><b>PIH Notices</b></p> <p><a href="#">Notice: PIH-2023-03 - Limitation on Public Housing Tenancy for Over-Income Families</a></p>	 <p><b>Additional Information</b></p> <p>Additional HOTMA resources for Public Housing Agencies (PHAs) administering public housing and Section 8 rental assistance programs</p>
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# End of Training

Thank you for participating.

<https://www.hudexchange.info/programs/public-housing/hotma/>

Questions: [HOTMAquestions@hud.gov](mailto:HOTMAquestions@hud.gov)