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**Contact Information**

<p><b>Mailing Address:</b> TDHCA PO Box 13941 Austin, TX 78711-3941</p>	<p><b>Physical Address:</b> TDHCA 221 East 11<sup>th</sup> Street Austin, TX 78701</p>
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**Website:** <https://www.tdhca.texas.gov>

**Division Phone Number:** (512) 305-8869  
or (800) 525-0657 (toll free in Texas only)

A faint, light blue watermark of the TDHCA seal is visible in the background of the contact information section, positioned to the right of the physical address.

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## Announcements

### Schedule:

- The training will run from 9:00 am until approximately 11:30 am
- We will take a break mid-morning to shift from the webinar to the open forum
- Staff will be present to answer any questions

### Housekeeping:

- Certificates **will not** be emailed but you will receive an email confirming your attendance, usually within 24-hours in an email from the GoTo Platform, please check your “junk” folders as we cannot reissue these emails
  - If you did not use your emailed link for the training from your registration you will not receive a follow-up email or show as having attended the webinar
- We suggest you silence your phones and put an “out of office” email response to help avoid distractions during the training
- Please pose questions and comments to the “Questions Box”

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## Department Resources

- **Compliance Forms**
  - <https://www.tdhca.texas.gov/compliance-forms>
- **Manuals and Rules**
  - <https://www.tdhca.texas.gov/compliance-manuals-and-rules>
- **Utility Allowance Information**
  - <https://www.tdhca.texas.gov/compliance-utility-allowance-information>
- **Income and Rent Limits**
  - <https://www.tdhca.texas.gov/income-and-rent-limits>
- **Compliance Presentations**
  - <https://www.tdhca.texas.gov/compliance-program-training-presentations>
- **Contact List**
  - <https://www.tdhca.texas.gov/compliance-division-staff>

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## Department Resources: Recorded Presentations

Compliance	
<small>(Windows Media Player is required to view webinar videos)</small>	
Compliance Monitoring	+
CMTS and Reporting	+
Housing Opportunities through Modernization Act – 2016 (HOTMA)	+
Income and Rent Limits	+
Income Eligibility	+
Miscellaneous	+
Multifamily Direct Loan (MFDL)	+
Utility Allowances	+
811 PRA	+

<https://www.tdhca.texas.gov/compliance-program-training-presentations>

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## Department Resources: Recorded Presentations

- Income Eligibility**
- [2024 Student Eligibility and Income Training \(YouTube.com\)](#)
  - [2024 Student Eligibility and Income Handout with Answers](#)
  - [2024 Student Eligibility and Income Handout](#)
  - [2024 Income Determination Training \(YouTube.com\)](#)
  - [2024 Income Determination Training Handout](#)
  - [2024 Income Determination Training Handout with Answers](#)
  - [2024 Assets and HOTMA Changes Training \(YouTube.com\)](#)
  - [2024 Assets and HOTMA Changes Handout with Answers](#)
  - [2024 Assets and HOTMA Changes Handout](#)

- Housing Opportunities through Modernization Act – 2016 (HOTMA)**
- [2023 September HOTMA Training \(YouTube.com\)](#)
  - [2023 September HOTMA Training Handout](#)
  - [2023 October HOTMA Training \(YouTube.com\)](#)
  - [2023 October HOTMA Training Handout](#)
  - [2023 December HOTMA Q&A Webinar \(YouTube.com\)](#)
  - [2023 December HOTMA Handout](#)
  - [2023 December Asset Flow Chart](#)
  - [2023 December Q&A from Webinar](#)
  - [2024 Assets and HOTMA Changes Training \(YouTube.com\)](#)
  - [2024 Assets and HOTMA Changes Handout with Answers](#)
  - [2024 Assets and HOTMA Changes Handout](#)

<https://www.tdhca.texas.gov/compliance-program-training-presentations>

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## HOTMA Resources

- **HUD HOTMA Resources**
  - [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/hotmaresources](https://www.hud.gov/program_offices/public_indian_housing/hotmaresources)
- **Notice H 2023-10 & Notice PIH 2023-27**
  - <https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-27pihn.pdf>
- **24 CFR § 5.609 Annual income**
  - <https://www.ecfr.gov/current/title-24/section-5.609>
- **Annual Inflationary Adjustments and Passbook Rate**
  - <https://www.huduser.gov/portal/datasets/inflationary-adjustments-notifications.html>



## Housing Opportunity Through Modernization Act of 2016 (HOTMA)

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
Office of Housing  
Office of Public and Indian Housing

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<p><b>Special Attention of:</b></p> <p>Multifamily Asset Management Division Directors</p> <p>Multifamily Contract Administrators</p> <p>Multifamily Project Owners</p> <p>Multifamily Regional Center Directors</p> <p>Public Housing Agencies</p> <p>Public Housing Hub Office Directors</p> <p>Public Housing Program Center Directors</p> <p>Regional Directors</p> <p>Field Office Directors</p> <p>Resident Management Corporations</p>	<p>Notice H 2023-10</p> <p>Notice PIH 2023-27</p> <p>Issued: February 2, 2024</p> <p>Originally issued September 29, 2023</p> <p>Expires: This Notice remains in effect until amended, superseded, or rescinded.</p> <p>Cross References:</p> <p>Regulations: 24 CFR Parts 5, 882, 891, 960, 966, 982</p> <p>Office of Housing Notices: H 2020-06; H 2019-06; H 2016-01; H 2015-12</p> <p>Office of Public and Indian Housing Notices: PIH 2019-09; PIH 2017-05 (HA); PIH 2016-05; PIH 2015-21; PIH 2013-04 (HA); PIH 2012-29; PIH 2012-03; PIH 2012-1 (HA)</p>
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**Implementation Guidance: Sections 102 and 104 of the Housing Opportunity Through Modernization Act of 2016 (HOTMA)**

**I. PURPOSE**

The purpose of this notice is to provide guidance to Public Housing Agencies (PHAs) and Multifamily Housing (MFH) Owners on the implementation of the many program changes brought about by the Housing Opportunity Through Modernization Act of 2016 (HOTMA) sections 102 and 104 and detailed in the final rule published in *Federal Register* Notice 88 FR 9600 on February 14, 2023. Although the final rule addresses sections 102, 103, and 104, this notice addresses guidance for sections 102 and 104 only.<sup>1</sup>

Through this notice, HUD is also modernizing its documentation requirements to reduce the burden on families accessing housing assistance in support of Office of Management and Budget (OMB) Memo M-22-10, *Improving Access to Public Benefits Programs Through the Paperwork Reduction Act*.

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811 PRA only

## HOTMA: Calculating Income

- When calculating a household's income, including asset income, at the time of certification, Owners must use anticipated income (current income) (i.e., the family's estimated income for the upcoming 12-month period).
  - This requirement is consistent with the pre-HOTMA process for conducting income examinations at admission and for interim (811 PRA) reexaminations.
- Annually in October, the Social Security Administration (SSA) announces the cost-of-living adjustment (COLA) by which federal SS and SSI benefits are adjusted to reflect the increase, if any.
  - Effective the day after SSA has announced the COLA, Owners are required to factor in the COLA when determining SS and SSI annual income for all certifications of family income that have not yet moved in.

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## HOTMA Resources: COLA Announcement

Thursday, October 10, 2024  
For Immediate Release



Mark Hinkle, Press Officer  
[press.office@ssa.gov](mailto:press.office@ssa.gov)

### **News Release**

SOCIAL SECURITY

#### Social Security Announces 2.5 Percent Benefit Increase for 2025

Social Security benefits and Supplemental Security Income (SSI) payments for more than 72.5 million Americans will increase 2.5 percent in 2025, the Social Security Administration announced today. On average, Social Security retirement benefits will increase by about \$50 per month starting in January.

<https://www.ssa.gov/cola/>

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## HOTMA: Deductions and Expenses

- Owners must consider mandatory deductions when determining a family's annual adjusted income.
  - Adjusted Income is required for HOME and TCAP-RF households when the annual income at recertification exceeds the 80% HOME limit; HOME-ARP households where rent is based on 30% of the adjusted household income; and Section 811 PRA units at all certifications.
- Types of Deductions
  - Dependent Deduction
  - Child-Care Expenses Deduction and Hardship Exemption to Continue Child-Care Expenses Deduction
  - Reasonable Attendant Care and Auxiliary Apparatus Expenses Deduction
  - Elderly/Disabled Family Deduction
  - Unreimbursed Health and Medical Care Expenses Deduction
- Deduction amounts are evaluated annually by HUD, there is no change for 2025 based on the inflationary adjustments announced August 1, 2024.

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## HOTMA: Applicable Fair Housing & Civil Rights Requirements

- While HOTMA did not revise existing Fair Housing or Civil Rights requirements, Owners are reminded to follow all applicable nondiscrimination and equal opportunity requirements at 24 CFR § 5.105(a) and 24 CFR § 982.53, including but not limited to:
  - the Fair Housing Act;
  - Section 504 of the Rehabilitation Act of 1973;
  - Title VI of the Civil Rights Act of 1964;
  - the Age Discrimination Act;
  - HUD's Equal Access Rule; and
  - Title II of the Americans with Disabilities Act of 1990.
- These requirements prohibit discrimination on the basis of race, color, religion, sex (including gender identity and sexual orientation), familial status, national origin, disability, age, and marital status. Owners must also comply with Title III of the Americans with Disabilities Act of 1990, as applicable (see 28 CFR part 36).
- When an assisted household includes a person with disabilities, a reasonable accommodation may be necessary. A reasonable accommodation is a change, exception, or adjustment to rules, policies, practices, or services that may be necessary in order to enable an applicant or resident with a disability to have an equal opportunity to use and enjoy a dwelling, including public and common areas, or to participate in or access programs and activities.
- Owners must also take reasonable steps to ensure meaningful access for persons with limited English proficiency (LEP).
- Owners must comply with the Violence Against Women Act (VAWA), HUD's implementing VAWA regulation at 24 CFR part 5 – subpart L, and applicable program regulations.

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## HOTMA: Applicable Fair Housing & Civil Rights Requirements

Questions about Fair Housing and the requirements outlined on this slide should be directed to the Department's Fair Housing Group at [fair.housing@tdhca.texas.gov](mailto:fair.housing@tdhca.texas.gov).

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## HOTMA: Household Composition

- Foster adults/children are not considered family members and must not be included in calculations of income for eligibility and rent determination, if required, purposes.
  - However, foster persons are considered household members and must be included when determining unit size.
- When a member of an assisted family is temporarily placed in foster care (as confirmed by the state child welfare agency), the member is still counted as a family member in the unit from which they were removed.
- Live-in Aide household members will continue to be excluded in calculations of income for eligibility and rent determination, if required, but will be included for purposes of determining the required unit size.
  - For example, a live-in aide must be considered for bedroom size requirements for a unit, but their income, assets and expenses would not be included for the purposes of income eligibility and rent determination, if applicable.

## HOTMA: Household Composition Chart

Members	Earned Income	Other Income (including income from assets)
Head	Yes	Yes
Spouse	Yes	Yes
Co-Head	Yes	Yes
Other Adult	Yes	Yes
Dependents (under 18)	No	Yes
Full-time Student - 18 or older	Yes**	Yes
Non-Members	Earned Income	Other Income (including income from assets)
Live-in Aide	No	No
Foster Adult	No	No
Foster Children (under 18)	No	No

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## HOTMA: Income

- Annual income includes all amounts received from all sources by each member of the family who is 18 years of age or older, the head of household, or spouse of the head of household, in addition to unearned income received by or on behalf of each dependent who is under 18 years of age.
- Annual income does not include amounts specifically excluded in paragraph (b) of 24 CFR § 5.609.
- Annual income includes “all amounts received,” not the amount that a family may be legally entitled to receive but did not .
  - For example, a family’s child-support or alimony income must be based on payments received, not the amounts the family is entitled to receive based on any court or agency order.
- Annual income also includes all actual income from assets even if the asset is excluded from net family assets but the income from the asset is not otherwise excluded.

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## HOTMA: Earned Income

- Earned Income is defined as income or earnings from wages, tips, salaries, other employee compensation, and net income from self-employment.
- Income earned as a day laborer or seasonal worker is not considered nonrecurring income under 24 CFR § 5.609(b)(24) and must be included, unless specifically excluded in 24 CFR § 5.609(b) (e.g., earnings of full-time students in excess of the dependent deduction, 24 CFR §§ 5.609(b)(3), (b)(14), etc.).
- An independent contractor is an individual who qualifies as an independent contractor instead of an employee in accordance with the Internal Revenue Code federal income tax requirements and whose earnings are consequently subject to the self-employment tax.
  - For example, while instructions and route information are generally provided, third-party delivery and transportation service providers are considered independent contractors unless state law dictates otherwise.
  - In addition, individuals considered “gig workers,” such as babysitters, landscapers, rideshare drivers, and house cleaners, typically fall into the category of independent contractor.
  - Income earned as an independent contractor is not considered nonrecurring income and must be included unless specifically excluded in 24 CFR § 5.609(b).

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## HOTMA: Unearned Income

- Unearned income means any annual income, as calculated under 24 CFR § 5.609, that is not earned income.
- Examples of unearned income:
  - Social Security
  - Child Support
  - Monetary Gifts
  - Pension or Annuity
  - Income from Assets
  - This list is not exhaustive, these are common examples of unearned income.

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## HOTMA: Child Support

Child Support/Alimony: the amounts received ONLY are included for eligibility, regardless of what is ordered to be received

### If Court Ordered or through Enforcement Agency:

- Obtain the current pay history at the time of application/recertification
- ONLY include the payments received within 120 days of the certification effective date

### If NOT Court Ordered or through an Enforcement Agency:

- Obtain a monetary gift letter from the person paying the cash support
- If unable to obtain gift letter, household should self-certify the income

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## HOTMA: Child Support Example

- Staff are processing the 11/1/2024 certification for Samantha and Fergus Poole, head of household and spouse.
- Samantha reported her monthly child support payment was reduced from \$200 to \$100 per month.
- The family submitted a child support pay history report from the Attorney General that documents regular \$100 monthly child support payments beginning 3/1/2024 through the current month. Process the certification effective 11/1/2024 using current annual child support income determined, \$1,200.

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## HOTMA: Child Support Example



- Disclosed child support = \$100
- Pay History = \$100 per month starting 3/1; this is more than 120 days before the certification
- Determination = \$100 multiplied by 12 = \$1,200
- It can be reasonably determined that the household receives \$100 per month in child support, this should be included for purposes of determining eligibility.

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## HOTMA: Means Tested Income Verification

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

(The tenant) \_\_\_\_\_ has applied for residency/is a resident of \_\_\_\_\_ (Property Name)

To: (Applicant/Resident Name)

Housing: \_\_\_\_\_ a TDHCA Affordable Housing Program property. In the case of a tenant receiving housing assistance payments under HUD's Section 8 Existing Housing Choice Program, regulations allow that if the PHA provides a statement to the building owner declaring that the tenant's income does not exceed the applicable limit, then the owner is not required to further verify the tenant's income.

Address: \_\_\_\_\_

City, State: \_\_\_\_\_

Number of Household Members: \_\_\_\_\_  Move-In  Recertification

Permission by: \_\_\_\_\_ (Signature of Applicant/Resident) \_\_\_\_\_ (Date)

Please complete the section below and return this form in the enclosed self-addressed, stamped envelope. Thank you in advance for your prompt attention.

Sincerely,

**THE FOLLOWING TO BE COMPLETED BY THE PUBLIC HOUSING AUTHORITY:**

Based on the last income certification/recertification effective on \_\_\_\_\_ (Date), the household consists of \_\_\_\_\_ (Date) members whose combined gross annual income before any adjustments is \$ \_\_\_\_\_ (# of members) (Gross Annual Income)

(Signature) \_\_\_\_\_ (Date) \_\_\_\_\_ (Phone #)

(Printed Name) \_\_\_\_\_ (Title) \_\_\_\_\_

**This form may not be used if the verifying Housing Authority is materially participating in the day-to-day operations of the development.**

The effective date (←) shown in the circle must be within 120 days of the certification effective date.

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## HOTMA: Assets

- Net family assets are defined as the net cash value of all assets owned by the family, after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of investment, except as excluded.
- Assets with negative equity will be considered \$0 for the purposes of calculating net family assets.
- Assets disposed of for less than fair market value (FMV) (not in a divorce, foreclosure or bankruptcy sale) are included in net family assets for two years after the date of disposal.
  - For example, if a family gave away a home with a net value of \$80,000, the value of the home must be included in the calculation of net family assets for two years following the transfer of property.
  - An asset moved to a retirement account held by a member of the family is not considered to be an asset disposed of for less than fair market value.

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## HOTMA: Exclusions from Net Family Assets

- Required exclusions from net family assets include the following (a full list can be found in the HOTMA Notice PIH 2023-27):
  - The value of necessary items of personal property.
  - The value of all non-necessary items of personal property with a total combined value of the threshold above which the total value of non-necessary personal property is included in net family assets, as determined by HUD.
  - The value of any account under a retirement plan recognized as such by the Internal Revenue Service, including Individual Retirement Accounts (IRAs), employer retirement plans (e.g., 401(k), 403(b)), and retirement plans for self-employed individuals.
  - The value of real property that the family does not have the effective legal authority to sell in the jurisdiction in which the property is located.
  - Equity in property under the Homeownership Option for which a family receives assistance under 24 CFR Part 982.
  - **Federal tax refunds or refundable tax credits for a period of 12 months after receipt by the family.**

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## HOTMA: Necessary and Non-Necessary Personal Property

- Necessary personal property is excluded from net family assets.
- Non-necessary personal property with a combined value greater than the asset inclusion amount determined by HUD, is considered part of net family assets.
  - When the combined value of all non-necessary personal property does not exceed the asset inclusion amount determined by HUD, all non-necessary personal property is excluded from net family assets.
- All assets are categorized as either real property (e.g., land, a home) or personal property. Personal property includes tangible items, like boats, as well as intangible items, like bank accounts.
  - Necessary personal property are items essential to the family for the maintenance, use, and occupancy of the premises as a home; or they are necessary for employment, education, or health and wellness.
  - Non-necessary personal property are items which are not essential to the family for the maintenance, use and occupancy of the premises as a home, and bank accounts or other financial investments.
- **When verification of assets is required, Owners are required to obtain a minimum of one statement that reflects the current balance of banking/financial accounts.**

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## HOTMA: Table F1: Examples of Necessary and Non-Necessary

Necessary Personal Property	Non-Necessary Personal Property
<ul style="list-style-type: none"> <li>• Car(s)/vehicle(s) that a family relies on for transportation for personal or business use (e.g., bike, motorcycle, skateboard, scooter)</li> <li>• Furniture, carpets, linens, kitchenware</li> <li>• Common appliances</li> <li>• Common electronics (e.g., radio, television, DVD player, gaming system)</li> <li>• Clothing</li> <li>• Personal effects that are not luxury items (e.g., toys, books)</li> <li>• Wedding and engagement rings</li> <li>• Jewelry used in religious/cultural celebrations and ceremonies</li> <li>• Religious and cultural items</li> <li>• Medical equipment and supplies</li> <li>• Health care-related supplies</li> <li>• Musical instruments used by the family</li> <li>• Personal computers, phones, tablets, and related equipment</li> <li>• Professional tools of trade of the family, for example professional books</li> <li>• Educational materials and equipment used by the family, including equipment to accommodate persons with disabilities</li> <li>• Equipment used for exercising (e.g., treadmill, stationary bike, kayak, paddleboard, ski equipment)</li> </ul>	<ul style="list-style-type: none"> <li>• Recreational car/vehicle not needed for day-to-day transportation (campers, motorhomes, travel trailers, all-terrain vehicles (ATVs))</li> <li>• Bank accounts or other financial investments (e.g., checking account, savings account, stocks/bonds)</li> <li>• Recreational boat/watercraft</li> <li>• Expensive jewelry without religious or cultural value, or which does not hold family significance</li> <li>• Collectibles (e.g., coins/stamps)</li> <li>• Equipment/machinery that is not used to generate income for a business</li> <li>• Items such as gems/precious metals, antique cars, artwork, etc.</li> </ul>

Examples of Necessary and Non-Necessary Personal Property from Notice H 2023–10 Notice PIH 2023–27

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## HOTMA: Assets to Always vs. Never Consider

Assets to consider and assets always excluded from February 2024 update to **Notice H 2023–10 & Notice PIH 2023–27**

Assets to consider	Assets always excluded
<ul style="list-style-type: none"> <li>• Checking and savings accounts</li> <li>• Stocks, bonds, mutual funds</li> <li>• Luxury items or items that are not necessary, e.g., recreational boat, vehicles not used for regular transportation</li> <li>• Assets disposed of for less than fair market value; for example, if you gave away a house to someone outside of the assisted family within the past two years, the value of the house would be considered an asset (except as determined by certain divorce or separation settlements)</li> </ul>	<ul style="list-style-type: none"> <li>• Retirement accounts (e.g., IRAs, 401k, 403b)</li> <li>• Educational savings accounts (Section 529, Section 530, Coverdell ESA, etc.)</li> <li>• ABLÉ accounts</li> <li>• Non-revocable trusts</li> <li>• Necessary items of personal property (items essential for the maintenance, use, and occupancy of a home or necessary for employment, education, cultural expression, or health and wellness)</li> <li>• Federal tax refunds (must be subtracted from total net family assets)</li> </ul>

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## HOTMA: Federal Tax Refunds

- All amounts received by a family in the form of federal tax refunds are excluded from a family's net family assets for a period of 12 months after receipt by the family.
  - Only the amount that the family receives is excluded from net family assets. For example, if a family anticipates a \$500 federal tax refund but only receives \$250, then only \$250 will be excluded from the net family assets because that is the amount that the family received.
- Owners are not required to verify the amount of the family's federal tax refund if the family's net assets are equal to or less than the asset threshold amount determined by HUD, even in years when full verification of assets is required or if the owner does not accept self-certification of assets. Owners must verify the amount of the family's federal tax refund if the net family assets are greater than the asset inclusion amount determined by HUD.
- The anticipated income earned by the assets in which a family has deposited their federal tax refund must be included in the family's annual income unless the income is specifically excluded under 24 CFR § 5.609(b).

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## HOTMA: Federal Tax Refunds Example

- The Rodriguez family received a \$4,500 federal tax refund on 3/1/2024 and deposited the refund into their checking account. At their certification, with an effective date of 8/1/2024, the Owner asks the family about any assets they own, the anticipated income from the assets, and if they received a federal tax refund in the past 12 months.
- The Rodriguez family explain that they received a \$4,500 refund and that they deposited the refund into their checking account, which has a balance of \$10,000. The Rodriguez family reports that they have actual income of \$100 from the checking account this year. The family owns no other assets.
- Therefore, the family's total calculation of net family assets is \$10,000. In determining the total value of net family assets, the Owner subtracts \$4,500 from the total of \$10,000 of net family assets, for a total countable asset of \$5,500. The full value of actual income is included as income, because actual income is always included even on excluded assets.

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## HOTMA: Federal Tax Refunds Example

- Disclosed assets = \$10,000 checking, \$100 actual income
- Tax Return received in the last 12 months = \$4,500
- Total Assets = \$10,000 minus \$4,500 = \$5,500 total with actual income of \$100
- Net family assets are \$0 because the total is less than the HUD Asset Threshold, but the income included from assets is \$100.



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## HOTMA: Retirement Accounts Example

- The value of any account under a retirement plan recognized by the Internal Revenue Service, including IRAs, employer retirement plans, and retirement plans for self-employed individuals, is not considered in determining net family assets.
- Any income earned on the funds while stored in such a retirement account is not considered actual income from assets.
- However, any distribution of periodic payments from the retirement account is considered income at the time it is received by the family (§ 5.609(b)(26)).

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## HOTMA: Retirement Accounts Example



- Retirement Account Value = \$150,000, \$7,500 actual income from interest
- Required Annual Distribution = \$12,000
- The retirement account is excluded from assets, as is the actual income from the interest rate.
- BUT, the Required Distribution of \$12,000 is included in the family's annual income to be considered for eligibility.

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## HOTMA: Passbook Rate

- HUD will annually publish a passbook rate based on the Federal Deposit Insurance Corporation (FDIC) National Deposit Rate for savings accounts, which is an average of national savings rates published on a monthly basis.
- Owners must use the HUD-published passbook rate when calculating imputed asset income for net family assets that exceed the asset inclusion amount determined by HUD.
- The HUD-published passbook rate will be posted to a dataset on the HUD User Web site, alongside annual inflationary amounts.
  - <https://www.huduser.gov/portal/datasets/inflationary-adjustments-notifications.html#year2025>

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## HOTMA: Actual and Imputed Income from Assets

- **Actual income** from assets is **always** included in a family's annual income, regardless of the total value of net family assets or whether the asset itself is included or excluded from net family assets, unless that income is specifically excluded by 24 CFR § 5.609(b).
- **Imputed asset income** is calculated by multiplying the net cash value of the asset, after deducting reasonable costs that would be incurred in disposing of the asset, by the HUD-published passbook rate. Imputed income is used for assets which do not have a determinable rate of return when the following three items are met:
  - The value of net family assets exceeds the asset inclusion threshold announced by HUD;
  - The specific asset is included in net family assets; and
  - Actual asset income cannot be calculated for the specific asset.
- When the household's net family assets do not exceed the asset inclusion threshold announced by HUD, imputed income is not calculated.

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## HOTMA: Imputed Income Example

- The Jorgensen family owns a small piece of vacant land with a cash value of \$25,000.
- The family also owns a savings account with a verified balance of \$55,000, with an interest rate of 2%.
- The family's total net assets are \$80,000.
- The Owner can calculate the actual income of the savings account as \$1,100.
- The Owner is unable to calculate the actual income earned for the property owned by the family, because the property neither generates any income for them nor could an income amount be computed as a matter of interest or dividend earnings. Therefore, imputed asset income for the real property must be calculated.

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## HOTMA: Imputed Income Example

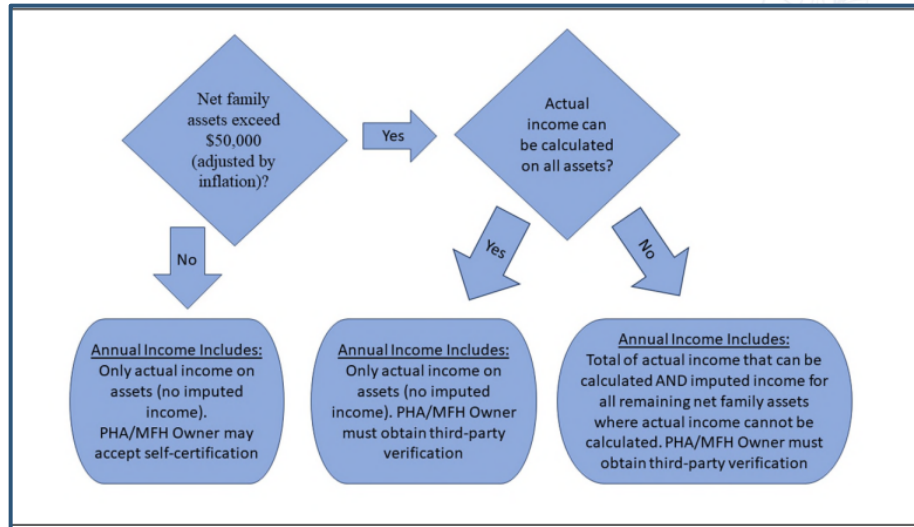


- Disclosed assets = \$25,000 real property with no determinable income and savings account \$55,000 with \$1,100 actual income
- Total Assets = \$80,000 total with actual income of \$1,100 for the savings account and imputed income of \$100 (\$25,000 multiplied by .40% passbook rate) for the land
- Net family assets are \$80,000 because the total is more than the HUD Asset Threshold.
- The income included from assets is \$1,100 plus \$100 = \$1,200 total.

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## HOTMA: Decision Chart for Determining Income from Assets



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## HOTMA: Verification Requirements

- HOTMA requires that all households have assets fully verified once during each 3 years of tenancy, households may then self-certify assets when the total is equal to or less than the HUD asset threshold amount.
- There are some exceptions to this rule:
  - HTC, Exchange, TCAP, and THTF may self-certify assets when the amount is under the applicable threshold
  - **BOND must fully verify assets at initial certification and during each 3<sup>rd</sup> year of tenancy when an income certification is completed**
  - MFDL Programs: at Initial Certification the assets must be fully verified by third party or first-hand documentation; also during the 6<sup>th</sup> year of the affordability period certifications the assets must be verified
- For 811 Program units, the assets must be fully verified by third party or first-hand documentation at Move-In and Initial Certifications and during each 3<sup>rd</sup> year certification for the household
  - All 811 households must have their assets fully verified during the first HOTMA recertification

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## HOTMA: Income Exclusions

- Income that will not be repeated beyond the coming year (i.e., the 12 months following the effective date of the certification), based on information provided by the family, is considered nonrecurring income and is excluded from annual income.
  - Income received as an independent contractor, day laborer, or seasonal worker is not excluded from income under § 5.609(b)(24), even if the source, date, or amount of the income varies.
- Income that has a discrete end date and will not be repeated beyond the coming year during the family's upcoming annual reexamination period will be excluded from a family's annual income as nonrecurring income.
  - This does not include unemployment income and other types of periodic payments that are received at regular intervals (such as weekly, monthly, or yearly) for a period of greater than one year that can be extended.
- Income amounts excluded under this category may include, but are not limited to, nonrecurring payments made to the family or to a third party on behalf of the family to assist with utilities, eviction prevention, security deposits to secure housing, payments for participation in research studies depending on the duration, and general one-time payments received by or on behalf of the family.

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## Income: Excluded Income Sources

- Insurance Payments and Settlements
- **Employment Income for Students above \$480**
- Payments to keep family members with disabilities living at home
- Payments from the U.S. Census Bureau for work on Decennial Census
- Direct Federal/State Payments for Economic Stimulus or Recovery
- **Tax Returns\*\***
- Gifts for holidays, birthdays, or other significant life events
- Lump sum additions to assets like lottery winnings
- Civil Settlements from an action that caused someone to become disabled
- Income or lump sums received from Civil Rights Settlements
- Back-pay received as a result of a Civil Rights Action
- **Worker's Compensation**
- Income received from a retirement account
  - Except for periodic payments
- **Certain Student Financial Assistance**
- Adoption Assistance Payments in excess of \$480
- Any other income excluded by 24 CFR 5.609

Any of the Lump Sums outlined on this slide that are placed in an asset, except Tax Returns, will count towards the household assets.

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## HOTMA: Certain Student Financial Assistance

- Student Eligibility is program based. The eligibility requirements for students in the program units has not been changed. Staff must ensure that the student eligibility for the household has been met.
- Section 479B provides that certain types of student financial assistance are to be excluded in determining eligibility for benefits made available through federal, state, or local programs financed with federal funds. The types of financial assistance listed below are considered 479B student financial assistance programs; however, this list is not exhaustive, and 479B will be updated as of July 1<sup>st</sup> every year.
- Other student financial assistance includes grants or scholarships received from sources not listed in the Higher Education Act.
  - Other student financial assistance may be paid directly to the student or to the educational institution on the student’s behalf. The Owner must verify that the other student financial assistance is for the student’s actual covered costs.

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## HOTMA: Types of Financial Assistance Under Title IV of HEA

Federal Pell Grants	Federal early outreach and student services programs	Federal supplemental educational opportunity grants	Leveraging Educational Assistance Partnership program
Special programs for students whose families are engaged in migrant and seasonal farmwork	Robert C. Byrd Honors Scholarship Program	Childcare access means parents in school	Teach grants
Scholarships for veteran’s dependents	Federal Family Education Loan Programs	Federal Work-Study Programs	William D. Ford Federal Direct Loan Program
Federal Perkins Loans	Higher Education Relief Opportunities for Students	Section 134 of the Workforce Innovation and Opportunity Act (WIOA)	

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## HOTMA: Student Actual Covered Costs for Education

- Actual covered costs include: tuition, books, supplies (including supplies and equipment to support students with learning disabilities or other disabilities), room and board\*\*, and fees required and charged to a student by an institution of higher education (as defined under section 102 of the Higher Education Act of 1965 (20 U.S.C. 1087uu)).
  - \*\*For a student who is not the head of household, co-head, or spouse, actual covered costs also include the reasonable and actual costs of housing while attending the institution of higher education and not residing in an assisted unit.
- The formula for calculating the amount of other student financial assistance that is excluded from income always begins with deducting the assistance received under 479B of the HEA from the total actual covered costs, because the 479B assistance is intended to pay the student's actual covered costs.

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## HOTMA: Student Income Example G10

- Juan is a full-time student, and he received the following grants and scholarships to cover his current year of college: Federal Pell Grant: \$25,000; University Scholarship: \$15,000; Rotary Club Scholarship: \$3,000.
- Juan's actual covered costs: \$28,000.
- Total assistance received under 479B of HEA: \$25,000 (Federal Pell Grant).
- Total other student financial assistance received: \$18,000.
- Step 1: Determine amount of actual covered costs exceeding section 479B assistance.  $\$28,000$  (actual covered costs) minus  $\$25,000$  (total assistance received under 479B of HEA) equals  $\$3,000$ .
- Step 2: Determine amount of student financial assistance to include in income.  $\$18,000$  (other student financial assistance received) minus  $\$3,000$  (actual covered costs exceeding section 479B assistance) equals  $\$15,000$  (if negative, then use \$0).
- Amount of student financial assistance included in Juan's income: \$15,000.

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## HOTMA: Student Income Example G10

- Educational Costs = \$28,000
- HEA Assistance = \$25,000 total
- Other Assistance = \$18,000 total
  
- \$28,000 covered costs minus \$25,000 HEA Assistance = \$3,000 remaining expenses
- \$3,000 remaining expenses minus \$18,000 Other Assistance = (\$15,000) leftover assistance
  
- Juan has \$15,000 of student financial assistance to be considered as income.



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## HOTMA: Student Income Example G11

- Sarah is a part-time student, and she received the following amounts to cover her first year of college: Federal Perkins Loan: \$2,000; Scholarship from Local Car Dealership: \$500; Gift from Aunt Lois: \$1,000.
  - The \$1,000 is a gift from Aunt Lois, so it is not considered student financial assistance, and it is not considered in this calculation. Note: If Aunt Lois gives Sarah the \$1,000 gift as a one-time, lump-sum payment, it would be excluded from income under 24 CFR § 5.609(b)(24)(vii).
- Sarah's actual covered costs: \$3,000.
- Total assistance received under 479B of HEA: \$2,000 (Federal Perkins Loan).
- Total other student financial assistance received: \$500.
- Total non-student financial assistance: \$1,000; Gift from Aunt Lois.
- Step 1: Determine amount of actual covered costs exceeding section 479B assistance. \$3,000 (actual covered costs) minus \$2,000 (total assistance received under 479B of HEA) equals \$1,000.
- Step 2: Determine amount of student financial assistance to include in income. \$500 (other student financial assistance received) minus \$1,000 (amount of actual covered costs exceeding section 479B assistance) equals -\$500 (if negative, then use \$0).
- Amount of student financial assistance included in Sarah's income: \$0.

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## HOTMA: Student Income Example G11



- Educational Costs = \$3,000
- HEA Assistance = \$2,000 total
- Other Assistance = \$500 total
  
- \$3,000 covered costs minus \$2,000 HEA Assistance = \$1,000 remaining expenses
- \$1,000 remaining expenses minus \$500 Other Assistance = \$0 leftover assistance
  
- Sarah has \$0 of student financial assistance to be considered as income, but the \$1,000 gift must be evaluated.

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## HOTMA: Student Income Example G12

- Dante is a full-time student, and he received the following amounts to cover his current year of college: Federal Pell Grant: \$9,000; Federal Perkins Loan: \$13,000; Local Library Scholarship: \$1,000.
- Dante's actual covered costs: \$16,000.
- Total assistance received under 479B of HEA: \$22,000 (Federal Pell Grant plus Federal Perkins Loan).
- Total other student financial assistance received: \$1,000.
- Step 1: Determine amount of actual covered costs exceeding section 479B assistance. \$16,000 (actual covered costs) minus \$22,000 (total assistance received under 479B of HEA) equals (\$6,000).
- Step 2: Determine amount of student financial assistance to include in income. Not necessary because Step 1 resulted in a negative amount, so all other student financial assistance would be included in Dante's income.
- Amount of student financial assistance included in Dante's income: \$1,000.

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## HOTMA: Student Income Example G12

- Educational Costs = \$16,000
- HEA Assistance = \$22,000 total
- Other Assistance = \$1,000 total
  
- \$16,000 covered costs minus \$22,000 HEA Assistance = (\$6,000) remaining assistance, excluded by statute
- Other Assistance = \$1,000 leftover assistance
  
- Dante has \$1,000 of student financial assistance to be considered as income.



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## HOTMA: Inflationary Adjustments

- HUD will annually publish the eight inflation-adjusted items in the table below no later than September 1, and the updated values will be shared online at the HUD website, <https://www.huduser.gov/portal/datasets/inflationary-adjustments-notifications.html#year2025>.
- The publication will apply to all programs.
  - Eligibility restriction on net family assets will not apply to Department programs.
- The revised amounts will be effective on January 1 of the following year. The first set of adjustments for inflation will be made effective January 1, 2025.
  - Threshold above which the total value of non-necessary personal property is included in net family assets: \$51,600
  - The amount of net assets for which the Owner may accept self-certification by the family: \$51,600
  - Threshold above which the total value of non-necessary personal property is included in net family assets: \$51,600
  - Deduction amounts for adjusted income will not change in 2025
  - Passbook Savings Rate: .45%

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## HOTMA Resources: Annual Inflationary Adjustments & Passbook Rate

### 2024

Adjusted Item	Regulatory Reference	Rate
Passbook Savings Rate	24 CFR 5.609(a)	0.40%
Threshold above which imputed returns must be calculated on net family assets	24 CFR §§ 5.609(a)(2) and (b)(1)	\$50,000
Threshold above which the total value of non-necessary personal property is included in net family assets	24 CFR § 5.603(b) Definition <i>Net family assets</i>	\$50,000
The amount of net assets for which the PHA/MFH Owner/Grantee may accept self-certification by the family	24 CFR § 5.618(b)(1) 24 CFR § 5.659(e) 24 CFR § 92.203(e)(1) 24 CFR § 93.151(e)(1) 24 CFR § 882.515(a) 24 CFR § 882.808(i)(1) 24 CFR § 960.259(e)(2) 24 CFR § 982.516(a)(3)	\$50,000

### 2025

Adjusted Item	Regulatory Reference	Rate
Passbook Savings Rate	24 CFR 5.609(a)	0.45%
Threshold above which imputed returns must be calculated on net family assets	24 CFR §§ 5.609(a)(2) and (b)(1)	\$51,600
Threshold above which the total value of non-necessary personal property is included in net family assets	24 CFR § 5.603(b) Definition <i>Net family assets</i>	\$51,600
The amount of net assets for which the PHA/MFH Owner/Grantee may accept self-certification by the family	24 CFR § 5.618(b)(1) 24 CFR § 5.659(e) 24 CFR § 92.203(e)(1) 24 CFR § 93.151(e)(1) 24 CFR § 882.515(a) 24 CFR § 882.808(i)(1) 24 CFR § 960.259(e)(2) 24 CFR § 982.516(a)(3)	\$51,600

<https://www.huduser.gov/portal/datasets/inflationary-adjustments-notifications.html>

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## HOTMA: Verification Hierarchy

- HUD developed a hierarchy that describes verification documentation from most acceptable to least acceptable.
  - Highest Types:
    - Upfront Income Verification (UIV), using HUD’s Enterprise Income Verification (EIV) system; if allowed by program (like 811 PRA)
    - Upfront Income Verification (UIV) using non-EIV system (e.g., The Work Number, web-based state benefits systems, etc.)
  - High Verification Type:
    - Written, third-party verification from the source, also known as “tenant-provided verification,” i.e. paystubs, bank statements, etc.
  - Medium Types:
    - Written, Third-Party Verification Form, i.e. Employment Verification, Bank Verification, etc.
    - Oral Third-Party Verification (should be used to clarify missing information, not a stand-alone verification type)
  - Low Verification Type:
    - Self-Certification (not third-party verification)

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## HOTMA and the Paperwork Reduction Act

- Minimum of 2 paystubs are required by HUD
  - Owners may request more, this should be outlined in the policies and procedures
  - MFDL programs require 60 days of source documentation, this has not changed
- Only 1 bank statement is required for assets held by the household
  - The current statement should be used to verify assets when required
  - Owners may request more, this should be outlined in the policies and procedures
- Court Orders should no longer be obtained for Child Support
  - Divorce Decrees/Court Orders should only be obtained if necessary to determine program eligibility

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## One Final Question...

**When should you have started, or should you start, calculating income using the HOTMA Guidance?**

- a) January 1, 2025
- b) July 1, 2025
- c) January 1, 2024
- d) January 1, 2026

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## Inflationary Adjustments for 2025

**Items Adjusted for Inflation Annually by HUD**

	2023	2024	2025	2026	2027	2028	2029	2030
Student Income Allowance	\$ 480.00	\$ 480.00	\$ 480.00					
Dependent Deduction	\$ 480.00	\$ 480.00	\$ 480.00					
Adoption Assistance Allowance	\$ 480.00	\$ 480.00	\$ 480.00					
Elderly Deduction	\$ 400.00	\$ 525.00	\$ 525.00					
Asset Limitation Threshold	\$ 5,000.00	\$ 50,000.00	\$ 51,600.00					
Threshold for Medical Deduction*	3%	10%	10%					
Cost of Living Allowance (COLA)	8.70%	3.20%	2.50%					
Passbook Savings Rate	0.06%	0.40%	0.45%					

\* Does not include the hardship allowance applicable to some households

## New Asset Certification Form

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**Asset Certification of Net Family Assets**  
 For households whose combined net assets do not exceed the Imputation Threshold as defined by HUD at:  
<https://www.huduser.gov/portal/datasets/inflationary-adjustments-notifications.html>  
 (Complete only one form per household; include assets of minors.)

Head of Household Name: \_\_\_\_\_ Unit No.: \_\_\_\_\_

Development Name and Address: \_\_\_\_\_

**Complete all that apply for 1 through 4:**

1. My/our assets include (enter n/a in (A) if you do not own the respective asset):

Source	(A) Cash Value	(B) Int. Rate	(A*B) Annual Income	Source	(A) Cash Value	(B) Int. Rate	(A*B) Annual Income
Savings Account(s)	\$ _____	_____ %	\$ _____	Checking Account(s)	\$ _____	_____ %	\$ _____
Certificates of Deposit	\$ _____	_____ %	\$ _____	Money Market Funds	\$ _____	_____ %	\$ _____



# THANK YOU!

## HOTMA Recap & Observations

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
(TDHCA OR THE DEPARTMENT)  
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MAIN NUMBER: (512) 475-3800

[WWW.TDHCA.TEXAS.GOV](http://WWW.TDHCA.TEXAS.GOV)





### Items Adjusted for Inflation Annually by HUD

	2023	2024	2025	2026	2027	2028	2029	2030
Student Income Allowance	\$ 480.00	\$ 480.00	\$ 480.00					
Dependent Deduction	\$ 480.00	\$ 480.00	\$ 480.00					
Adoption Assistance Allowance	\$ 480.00	\$ 480.00	\$ 480.00					
Elderly Deduction	\$ 400.00	\$ 525.00	\$ 525.00					
Asset Limitation Threshold	\$ 5,000.00	\$ 50,000.00	\$ 51,600.00					
Threshold for Medical Deduction*	3%	10%	10%					
Cost of Living Allowance (COLA)	8.70%	3.20%	2.50%					
Passbook Savings Rate	0.06%	0.40%	0.45%					

\* Does not include the hardship allowance applicable to some households

This chart was developed by Department staff for use as a courtesy. All items should be confirmed by ownership and implemented in accordance to the requirements of the program under which the development operates. In accordance with 10 TAC §10.626, full compliance with all applicable program requirements is the responsibility of the development Owner.



## 2025 HUD Inflation-Adjusted Values (Table 1): Effective January 1, 2025

**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 <sup>1</sup>
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Annual Income	Threshold above which imputed returns must be calculated on net family assets	24 CFR §§ 5.609(a)(2) and (b)(1)	\$51,600	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
	Threshold above which the total value of non-necessary personal property is included in net family assets	24 CFR § 5.603(b) Definition <i>Net family assets</i>	\$51,600	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
	The amount of net assets for which the PHA/MFH Owner/Grantee may accept self-certification by the family	24 CFR § 5.618(b)(1) 24 CFR § 5.659(e) 24 CFR § 92.203(e)(1) 24 CFR § 93.151(e)(1) 24 CFR § 882.515(a) 24 CFR § 882.808(i)(1) 24 CFR § 960.259(c)(2) 24 CFR § 982.516(a)(3)	\$51,600	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

<sup>1</sup> Some components in Tables 1 & 2 may also apply to other HUD programs not listed here that use the definitions of annual income and adjusted income in 24 CFR Part 5, subpart F to determine eligibility or assistance levels.

<b>Calculation Component</b>	<b>Adjusted Item</b>	<b>Regulatory Reference</b>	<b>Amount</b>	<b>Applicable Programs<sup>1</sup></b>
<b>Annual Income</b>	Income exclusion for earned income of dependent full-time students	24 CFR § 5.609(b)(14)	\$480	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)	\$480	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
<b>Adjusted Income</b>	Mandatory deduction for elderly and disabled families	24 CFR § 5.611(a)(2)	\$525	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)	\$480	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





## 2025 HUD Passbook Savings Rate (Table 2): Effective January 1, 2025

<b>Adjusted Item</b>	<b>Regulatory Reference</b>	<b>Rate</b>	<b>Applicable Programs</b>
Passbook Savings Rate	24 CFR 5.609(a)	0.45%	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

## Press Release

Thursday, October 10, 2024  
For Immediate Release



Mark Hinkle, Press Officer  
[press.office@ssa.gov](mailto:press.office@ssa.gov)

# News Release

## SOCIAL SECURITY

### Social Security Announces 2.5 Percent Benefit Increase for 2025

Social Security benefits and Supplemental Security Income (SSI) payments for more than 72.5 million Americans will increase 2.5 percent in 2025, the Social Security Administration announced today. On average, Social Security retirement benefits will increase by about \$50 per month starting in January.

Over the last decade the COLA increase has averaged about 2.6 percent. The COLA was 3.2 percent in 2024.

Nearly 68 million Social Security beneficiaries will see a 2.5 percent cost-of-living adjustment (COLA) beginning in January 2025. Increased payments to nearly 7.5 million people receiving SSI will begin on December 31, 2024. (Note: Some people receive both Social Security benefits and SSI).

"Social Security benefits and SSI payments will increase in 2025, helping tens of millions of people keep up with expenses even as inflation has started to cool," said Martin O'Malley, Commissioner of Social Security.

Some other adjustments that take effect in January of each year are based on the increase in average wages. Based on that increase, the maximum amount of earnings subject to the Social Security tax (taxable maximum) is slated to increase to \$176,100 from \$168,600.

Social Security begins notifying people about their new benefit amount by mail starting in early December.

This year, for the first time, Social Security beneficiaries will receive a newly designed and improved COLA notice that makes it easier for customers to find the information they need most. The simplified COLA notice is now only one page, uses plain and personalized language, and provides exact dates and dollar amounts of a person's new benefit amount and any deductions.

Individuals who have a personal [my Social Security](#) account can view their COLA notice online, which is secure, easy, and faster than receiving a letter in the mail. People can set up text or email alerts when there is a new message--such as their COLA notice--waiting for them in [my Social Security](#).

People will need to have a personal [my Social Security](#) account by Nov. 20 to see their COLA notice online. To get started, visit [www.ssa.gov/myaccount](http://www.ssa.gov/myaccount).

Information about Medicare changes for 2025 will be available at [www.medicare.gov](http://www.medicare.gov). For Social Security beneficiaries enrolled in Medicare, the 2025 benefit amount will be available via [my Social Security's](#) Message Center starting in late November. Those who have not opted to receive messages online will receive their COLA notice by mail in December.

The Social Security Act provides for how the COLA is calculated. The Social Security Act ties the annual COLA to the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) as determined by the Department of Labor's Bureau of Labor Statistics.

To read more, please visit [www.ssa.gov/cola](http://www.ssa.gov/cola).

**NOTE TO CORRESPONDENTS:** Here is a [fact sheet](#) showing the effect of the various automatic adjustments.

*To get more Social Security news, follow the Press Office on X [@SSAPress](#).*



# HOTMA Resident Worksheet: Student Financial Aid

*This worksheet is for families who live in public housing or have Housing Choice Vouchers from Section 8. There are new rules affecting student financial aid because of a federal law, the Housing Opportunity Through Modernization Act of 2016 (HOTMA). Your local public housing agency (PHA) will start using these rules by January 1, 2025. Your PHA will tell you before these changes begin. This worksheet is **not official** or required by HUD or your PHA.*

## Background

HUD has created new rules about certain types of student financial aid. These rules say that your PHA will not count financial aid for both **full and part-time students** in calculating your rent. This is good news if you or someone in your household receives assistance like scholarships or grants for school.

## Types of Student Financial Aid

Under the new rules there are two categories of student financial aid:

- 1. Title IV Higher Education Assistance (HEA) / Bureau of Indian Affairs student assistance programs:** For all public housing residents and most Section 8 residents, any money you receive from these programs will not be considered income, even if it's more than what you need for school. (An exception for some **Housing Choice Voucher participants** is explained at the end.)
- 2. Other financial assistance:** This includes any other funds you receive, like scholarships or grants, to pay for higher education. It can come from the government (federal, state, tribal, or local), foundations, businesses, or your school. This financial aid is not counted as income, when it is needed for the actual costs of your education. Your PHA will first see if you have actual costs that were not covered by HEA Assistance. If so, this type of aid will be applied up to the amount of remaining costs.



This material is based upon work supported, in whole or in part, by Federal award number C-20-TA-TX-0010 awarded to NALCAB by the U.S. Department of Housing and Urban Development. The substance and findings of the work are dedicated to the public. Neither the United States Government, nor any of its employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately-owned rights. Reference herein to any individuals, agencies, companies, products, process, services, service by trade name, trademark, manufacturer, or otherwise does not constitute or imply an endorsement, recommendation, or favoring by the author(s), contributor(s), the U.S. Government or any agency thereof. Opinions contained herein are those of the author(s) and do not necessarily reflect the official position of, or a position that is endorsed by, HUD or any Federal agency.

Let's use an example to understand this better.

**Anna is starting her second year of college.** Anna lives in public housing and is the head of her household. She has a \$10,000 Federal Perkins Loan, which is HEA Assistance. She also got a \$10,000 scholarship for community service from a foundation. Anna's total expenses for attending college are \$18,000.

Here's how the PHA will treat her financial assistance:

1. The PHA will look at HEA Assistance. The \$10,000 from the Federal Perkins Loan won't count as income.
2. The PHA will calculate if Anna has any actual costs that are not covered. Anna has \$18,000 in actual covered costs. So, she has \$8,000 in actual costs remaining.
3. The PHA will look at other financial assistance. Anna received a \$10,000 scholarship. Since the remaining actual costs for Anna's school are \$8,000, only \$8,000 of the scholarship will be excluded from her income calculation.

In Anna's case, \$18,000 is excluded income. The remaining \$2,000 will be counted as income for her rent calculation.

**Dependent Income:** If you are full-time student and a dependent, any money you earn won't be counted in your household's income to determine rent. Any loans you receive also won't be counted as income if the borrower or co-borrower is a member of the household.

**Educational savings account:** If you are saving or using money from a Coverdell education savings account, or any savings program under IRS sections 529 and 530, these funds won't be considered as part of your income in determining your rent.

## Calculate your student financial aid exclusion

### Step 1. Confirm Your Institution is covered.

Make sure your school is eligible for this program. It must be an eligible institution of higher education. This includes colleges, universities, trade schools, or post-secondary educational institutions that can take part in a student aid program managed by the U.S. Department of Education.

If you're unsure about your school's eligibility, you can:

- Ask your school, "Can I use Federal student aid here?"; OR
- Look it up at [studentaid.gov/fafsa-app/FSCsearch](https://studentaid.gov/fafsa-app/FSCsearch).

### Step 2. Gather your documents and start estimating.

Get together your documents:

- Proof of school enrollment
- Financial aid award letters

To understand what will be excluded, you can use the chart below. You will note if the aid is Title IV HEA Assistance or Other Student Financial Assistance. The form below lists the most common forms of HEA Assistance.

**Do not include:** gifts from friends or family, or payment for services (like a teaching fellowship) that is not under section 479B of the HEA, or loans (which are already excluded from income).

Table 1: Financial Aid Source		
	A: Title IV HEA Assistance	B: Other Student Financial Assistance
Federal Pell Grants	\$	
Teach Grants	\$	
Federal Work-Study Programs	\$	
William D. Ford Federal Direct Loan Program	\$	
Federal Perkins Loans	\$	
Bureau of Indian Affairs/Educational assistance programs	\$	
Higher Education Tribal Grant	\$	
Tribally Controlled Colleges or Universities Grant Program	\$	
Employment training program under section 134 of the Workforce Innovation and Opportunity Act (WIOA)	\$	
Other Title IV HEA federal student aid	\$	
Other federal grants and scholarships (non-Title IV HEA)		\$
State, local, or tribal government grants or scholarships		\$
Grants or scholarships from a non-profit foundation		\$
Grants or scholarships from a business or corporation		\$
Grants or scholarships from an institution of higher education		\$
<b>TOTALS</b>	\$	\$
	<i>Enter in Table 3, Box 2</i>	<i>Enter in Table 3, Box 4</i>

### Step 3. Calculate your costs.

HUD rules only exclude Other Financial Assistance that is used for your remaining actual costs to attend school. The descriptions below should give you an idea of what qualifies as an actual covered cost. However, it’s a good idea to double check with your PHA.

#### Gather information about your expenses.

- **Tuition and fees** — Most colleges and universities publish a “Cost of Attendance” on their website. The form is also available from the school’s financial aid office. The form includes mandatory fees and tuition. However, other amounts listed may be estimates. Check the categories for an idea of what expenses to include but you’ll need to know what you personally paid.
- **Housing costs** (only for dependent, full-time students)—for on-campus housing, you can use the student aid office’s costs. Otherwise, you will have a lease or other agreement that states the cost of housing.
- **Books and supplies** —you can include the costs of any necessary books or supplies, like a laptop or art materials, that you purchased. Include any items you need due to learning disabilities or other disabilities.

Use information from your school’s financial aid office, and any other actual covered costs you’ve had, to fill out the amounts below. Hold on to your documentation.

Table 2: Actual Covered Costs	
Expense	Amount
<b>Tuition</b>	\$
<b>Fees</b>	\$
<b>Room &amp; Board</b>	\$
<b>Books, course materials, supplies, and equipment</b> <i>Example: computer</i>	\$
<b>Extra fees or costs</b> <i>Example: lab fees, activity fees</i>	\$
<b>Other</b> <i>Example: necessary supplies and equipment due to a learning disability.</i>	\$
<b>TOTAL</b>	\$
	<i>Enter in box Table 3, Box 1</i>

### Step 4. Calculate the total exclusion.

The PHA looks at all Title IV HEA assistance before any other student financial aid. Use the table on the following page to calculate the **total** amount of assistance that won’t be included as income when the PHA calculates your rent.

Table 3: Total Exclusion	
<b>1. Actual covered costs</b> <i>From total of Table 2</i>	\$
<b>2. Total Title IV HEA Assistance</b> <i>From total of Table 1, Column A</i>	\$
<b>3. Remaining actual covered costs</b> <i>Actual Covered Costs (Box 1) minus HEA Assistance (Box 2) <b>Put 0 if negative.</b></i>	\$
<b>4. Other Student Financial Assistance</b> <i>From total of Table 1, Column B</i>	\$
<b>5. Amount of Excluded Other Student Financial Assistance</b> <i>Enter the lower of the remaining actual covered costs (Box 3) or Assistance (Box 4), whichever is lower</i>	\$
<b>TOTAL EXCLUSION</b> <i>(add rows 2 and 5)</i>	\$

