# HOTMA Resident Fact Sheet: Asset and Real Property Limitations

*This fact sheet is for families who live in public housing or multifamily housing, or have a Housing Choice Voucher from Section 8 (HCV). There are new rules that limit the assets and property that families can have when applying to and, in some cases, participating in these housing programs. The new rules are based on 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 the changes begin. This fact sheet is not official guidance or required by HUD or your PHA.*

New rules from HUD (the Department of Housing and Urban Development) say that families living in public housing and families participating in the housing choice voucher program (HCV or Section 8) or multifamily housing program cannot have more than **$100,000*** worth of net family assets. Also, participating families may not own a home that they could live in.

### There are notable exceptions to these rules!

These new rules apply to **all new applicants** to public housing, multifamily housing, and Section 8. PHAs must deny applicants with assets or property that are over the limit.

PHAs can decide on a policy for how they will apply the rules to **existing residents** at annual and interim reviews. Through a written policy, the PHA can chose to:

- Not enforce the limits at all for existing residents.
- Strictly enforce the limits.
- Enforce the limits but allow residents time to come into compliance.
- Have exceptions to the limits.

Most families will not be impacted by the asset limitation rules. If you're not sure, ask your PHA if these new rules apply to you.

## Assets

Assets refer to anything valuable you own, such as jewelry, stocks, tools, artwork, or a vehicle. A common asset is real property (real estate), such as land or housing. "Net family assets" refers to the cash value of all assets owned by the family, after subtracting any money you owe on the assets and any reasonable costs that you would have to pay to sell them. Although the new rules say that you can only have assets up to $100,000* in value, there are many things that HUD has excluded. Anything that's excluded is not counted toward the net family assets total.

** As adjusted annually for inflation.*

Some common examples of assets that are **excluded** from the total limit of $100,000* include:

- **Necessary items.** Items you need to keep up, use, and live in your home or that you need for work, education, or health. This might be a car that you use to get to work, an expensive medical device, or a laptop you use for school. Whether a specific item is considered "necessary" will depend on the family's circumstances. HUD has provided guidance in **Notice PIH 2023-27**.
- **Non-necessary items of personal property, if the combined total value is not more than $50,000*.** Examples include: a recreational boat, coin collection, or antique jewelry. This will include most assets you own that are not a home (see the section below) or a necessary item. To get this exemption, the total value of all these items must be $50,000* or less.
- **Retirement accounts.** This covers IRS-recognized retirement plans, such as an IRA, 403(b), or 401(k). The value of the account is not included as an asset.
- **Educational savings accounts.** This includes IRS-recognized educational savings and tuition accounts, as well as any "baby bonds" programs funded by federal, state, or local governments.
- **Interest in Indian trust land.** Interest in land held in a trust by the Bureau of Indian Affairs cannot be counted towards the asset limitations.
- **Tax refunds and credits for 12 months after they are received.** This includes the Earned Income Tax Credit (EITC).
- **Equity in a home owned through the HCV homeownership program**, or a manufactured home when the family receives HCV assistance to rent the space.
- **Property that you cannot legally sell.** This could include property that is the subject of a legal dispute.

**Full listing of Asset Exclusions here:**

**https://files.hudexchange.info/resources/documents/Assets-Asset-Exclusions-and-Limitation-on-Assets-Resource-Sheet.pdf**

**Certification:** If the assets you own add up to less than **$50,000***, including land or property, your PHA may accept a self-certification when you move-in and two out of every three years. Not all PHAs will accept a self-certification. If your PHA does allow self-certification, you will need to certify that your assets do not exceed $50,000* and share how much income you expect to earn from those assets. Regardless of your PHA's policy, they must fully verify your family assets at least once every three years, using third-party documentation. Some PHAs will fully verify assets every year.

You can access the **Assets and Real Property Limitations Worksheet** to help you determine the value of your assets here: https://www.hudexchange.info/resource/6880/hotma-assets-asset-exclusions-and-limitation-on-assets-resource-sheet/

## Real Property

The new rules state that residents may not own property that is "suitable" for them to live in, with some exceptions. This is separate from the $100,000* net family assets limitation. If you own a property that you **cannot** live in, its value may still be included in your net family assets (explained above).

Several factors affect whether a house is suitable to live in. If you cannot live in the home, then owning it will not affect your eligibility for the housing program, unless the value puts you above the asset limit.

** As adjusted annually for inflation.*

A property may **not be suitable** for your family to live in if it:

- Is unsafe because of its condition (unless the issues can be easily fixed).
- Does not meet the disability-related needs of your family. For example, the house has too many stairs or is not close to public transportation.
- Is in a location that would cause hardship. For example, the house is located too far from your work or school.
- Is not big enough for your family.
- Is not a home you are legally allowed to live in. For example, a building in an area zoned for commercial use only.

The limit on owning a home does not apply if you:

- Get assistance for that home under the Housing Choice Voucher Program.
- Co-own that home with someone who lives in it (and that person is not part of your family in the housing program).
- Are currently selling the home.
- Are a victim of domestic violence, dating violence, sexual assault, or stalking. (This includes any member of your family.)

### *What happens if your PHA finds that your assets value more than $100,000* or you own a home that you could live in?*

The answer depends on which written policy your PHA has related to the asset and property limits.

***If your PHA strictly enforces the limit:*** You will no longer be able to participate in the public housing or HCV program. If you do not move, the PHA will start the termination or eviction process. Depending on your PHA's policy, they may wait up to 6 months before beginning the termination process.

> **PCHA Policy: The PCHA has adopted a policy of enforcement of the asset limitation for all residents. Families who are found to be out of compliance with the asset limitation at reexamination (annual or interim), the PCHA must initiate termination or eviction proceedings within six months of the income examination that determined the family was out of compliance. PCHA may delay the initiation of termination or eviction proceedings for noncompliant families for up to but no longer than six months. No family will be given an opportunity to cure noncompliance.**

***If your PHA offers an option to fix the issues (cure):*** Some PHAs will enforce the limits but will allow families up to 6 months to come into compliance. That means you will have 6 months to fix the issue so that you are no longer over the asset or property limit. How you do this will depend on what assets or property you have. You may be able to transfer money to an account that is not included as an asset (like a retirement account) or sell your home. Contact your PHA for their specific rules.

***If your PHA does not enforce the limit:*** Some PHAs will have a policy to not enforce the asset and real property limits. In that case, being "out of compliance" with this rule will not affect you. However, the PHA will still need to ask about and calculate the value of your assets.

***Exceptions:*** As a part of their policy, your PHA can establish exceptions to the asset and property limits based on certain traits like age, disability, or income. For example, your PHA might have a strict enforcement policy, except for families that are considered extremely-low income. For those families, the PHA could have a policy to not enforce the asset limits.

**For related resources see:**
**hudexchange.info/programs/hotma/hotma-income-and-assets/#resident-resources**

** As adjusted annually for inflation.*