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Continued Compliance with HOTMA

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The Housing Opportunity Through Modernization Act (HOTMA) introduces important changes to how income and assets are calculated for public housing and Section 8 programs. Originally scheduled for implementation in 2024, the new HUD effective date is January 1, 2026. HOTMA is designed to simplify paperwork, reduce errors, and make compliance easier for property owners, managers, and residents. However, since each state may implement HOTMA differently, staying informed is essential.

Each state’s Housing Finance Agency (HFA) sets its own compliance date for properties. Many states also allow owners to voluntarily adopt HOTMA early. For properties with multiple funding sources, such as LIHTC and HUD Section 8, owners should coordinate with all relevant agencies to ensure full compliance.

Without a clear HOTMA policy, properties may face several challenges, including miscalculations in household income, incomplete or incorrect verification of income and assets, confusion among staff, increased audit risk, and tenant complaints. A well- documented policy helps avoid these issues and ensures smoother operations.

Enterprise continues to monitor HOTMA implementation across states and provides guidance to help owners and managers stay ahead. We recommend maintaining regular contact with your state housing agency. If your organization has adopted HOTMA early, it’s important to create a clear written policy, share it with your syndicator during file reviews, and apply it consistently across all tenant files. Early adoption reflects a proactive approach to compliance, but it also requires thorough documentation and consistent implementation to align with state requirements.

To prepare for HOTMA, property owners and managers should consider the following steps:

1. Update your policies and procedures to match your state’s HOTMA rules.
2. Ensure your property management software supports the new income and asset calculations.
3. Train your team so they understand and apply the changes correctly.
4. Reach out to experts if you need help with any part of the new requirements.

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By proactively addressing these areas, property owners and managers can position themselves for a smooth transition and continued compliance under HOTMA.

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