



LIHTC Assets and HOTMA Impact

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While HOTMA primarily targets HUD programs (public housing and Section 8), it significantly affects LIHTC properties because LIHTC regulations often reference and align with HUD's Section 8 income and asset definitions for tenant qualification and income certification.

HOTMA brings some key changes to how assets are handled in LIHTC:

1. Under HOTMA, the methodology used to determine income from assets in affordable housing programs changed significantly from pre-HOTMA rules. No longer do we compare income from assets to an imputed amount. Under HOTMA, there may now be times when property managers must include the amount of income earned AND the imputed amount. Let's break this down.

The old approach (using the greater of actual or imputed income) no longer applies. Instead:

Actual income from assets is always included in annual income, regardless of the total value of net family assets (or whether the asset itself is included/excluded from net family assets calculations), unless specifically excluded by regulation (24 CFR 5.609(b)).

Examples: interest on savings/checking accounts, dividends from stocks, rental income from real property, etc.

This applies even if net family assets are zero.

Imputed income (using HUD's passbook savings rate, currently 0.40% adjusted annually) is only added when the family's total net family assets exceed the threshold (e.g., \$52,787 effective January 1, 2026). It is calculated only for individual assets included in net family assets where actual income cannot be calculated/determined (e.g., non-income-producing assets such as vacant land, a coin collection, recreational vehicles such as a golf cart).

Do not impute on assets with known/determinable returns (e.g., bank accounts that can earn interest, stocks or bonds that can generate dividends).

If net family assets are at or below the threshold (currently \$52,787), no imputed income is calculated or included.



Scenario	Net Family Assets	Actual Income	Impute Assets	Total Income From assets
Net assets less than or = to threshold (\$52,787)	No cash value shows	Still include actual income from assets	None	All actual income
Net assets greater than threshold (\$52,787) with actual determinable income	Show cash value of all assets	Include all actual income from assets	Any without determinable income (ex: recreational boat) must be imputed	Include all actual and all imputed amounts
Net assets greater than threshold (\$52,787) with no actual determinable income	Show cash value of all assets	There will be no actual income from assets	Any without determinable income (ex: recreational boat) must be imputed	Only imputed amount.

2. A higher threshold for imputed income - previously \$5,000, now \$52,787 (adjusted annually for inflation; e.g., \$51,600 in 2025).
3. Self-certification for assets under this new higher threshold - households can self-certify assets if total net family assets are \$52,787 or less (with full third-party verification required when the total net family assets exceed this threshold).
4. Expanded asset exclusions - HUD expanded the definition of income (consider everything as 'included' unless explicitly stated as 'excluded') and created an expanded list of specific exclusions. This applies to assets as well. We no longer refer to a list of "included assets" rather, we review the excluded assets and can be confident to include the cash value, and in some cases income from the assets, if not explicitly seen as an exclusion.
5. Additional key notes on assets where clarification has been provided to exclude assets are listed below. While this is not exhaustive, it provides insight into the more common modifications that have motivated industry-wide chatter!

Retirement Accounts

401(k), 403(b), IRAs, other retirement accounts recognized by the IRS: these are excluded even if accessible, unless the household receives regular distributions. If the household is receiving



regular distributions, those distributions will be counted as income, while the balance is excluded as an asset.

Education Savings Accounts

529 College Savings Plans, Coverdell Education Savings Accounts

ABLE Accounts

Trusts

Irrevocable trusts not accessible to the family are excluded. *Income distributed from a trust is counted as income.

6. Verification streamlining - Assets can often be verified with one current statement.

Important notes:

For layered properties (e.g., LIHTC and Section 8 PBRA), the most restrictive rules apply.

Overall, HOTMA's asset-related changes simplify compliance for LIHTC properties by reducing verification burdens, administrative burdens and standardizing procedures and processes across affordable housing programs. Property managers should consult IRS guidance, HUD notices, and state-specific rules.

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