



## Back to Basics

### Part 7: HOTMA Income FAQs

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#### Back to Basics...Again! | Part Seven | HOTMA Income FAQs

In this series we have focused on HOTMA changes to the basic concepts we use to determine income for LIHTC families. Here we address some FAQs asked. This article addresses four questions about income, and the next will address four asset questions.

#### FAQ 1 | Are there any additional exclusions from income?

**Answer | Yes.** Primarily HOMTA exclusions are covered in the 28 HOTMA exclusions in HUD regulation at 24 CFR 5.609. Additionally, there are 29 exclusions per other federal laws. Past articles in this series have looked at these lists. Since then, additional guidance has been published outside of HOTMA and other federal law to add to the list in building a complete HOTMA library. We summarize these below:

1. **ABLE accounts.** Although specifically excluded as assets in HOTMA, how to handle income related to ABLE accounts is not fully explored. To get the full story, get [HUD Notice H-2019-06](#).
2. **Veteran's service-connected disability benefits.** These are excluded for VASH voucher holders. For more information see IRS [Revenue Procedure 2024-38](#).
3. **Medicare Advantage Supplemental Benefits.** These are often loaded on *Flex Card* debit cards and are excluded as income, except for amounts used to pay for rent and utilities, See "[FAQ: HUD-assisted Housing and Medicare Advantage Supplemental Benefits](#)" on [huduser.gov](#).

#### FAQ 2 | So service-connected disability benefits are excluded for all veterans who receive them?

**Answer | No.** They are only excluded for VASH voucher holders. These benefits would still be income for other veterans. See section 4 of [Revenue Procedure 2024-38](#).

**FAQ 3 | We noted that HOTMA excludes "payments made by or authorized by a ... State or Federal agency to a family to enable a family member who has a disability to reside in the family's assisted unit." What if a person is receiving similar benefits to help care for a relative who does NOT live with the family in the affordable unit?**

**Answer | Those benefits would be income.** HUD guidance clarifies that to exclude the benefit income, "both the person providing the care and the person who has the disability must be family members...and must live in the same assisted household. The exclusion does not apply to income earned by the family for other caregiving services provided to individuals outside of the assisted household." See [HUD Notice 2023-10 G.11](#).

**FAQ 4 | HOTMA guidance does not address social security payments that are adjusted down because of prior overpayment. How should they be handled?**



**Answer | The amount after the adjustment should be counted.** This is a case where HOTMA did not make a change to the guidance in the 4350.3, 5-6(J), and the old guidance still applies until and if HUD changes it. It is also perfectly in keeping with HOTMA at 24 CFR 5.609(a) that counts “all amounts received,” not amounts they do not receive.

**Up next: HOTMA ASSET FAQs**

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