

**HOTMA**

Housing Opportunity Through Modernization  
Act of 2016

NJAHRA 2025

# SECTION 103 Training

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# HOTMA BACKGROUND

**HOTMA was enacted on July 29, 2016:** The key goals of HOTMA are to streamline and modernize HUD programs. Make them more efficient and effective and improve the quality of life for HUD-assisted tenants.

**Final Rule:** Implementation of Sections 102, 103, and 104 of the Housing Opportunity Through Modernization Act of 2016. Published February 14, 2023.

**NOTICE PIH 2023-03:** Implementation guidance for Section 103 Limitations on Public Housing Tenancy for Over Income Families. Published March 13, 2023. Made effective the provisions of this regulation as of March 16, 2023 and were to be fully implemented by June 14, 2023.

**NOTICE PIH 2023-27:** Implementation guidance for Sections 102 and 104 Income and Assets provision of the Housing Opportunity Through Modernization Act of 2016. Published on September 29, 2023 and re-issued on February 2, 2024.

**HIP:** Housing Information Portal a successor of PIC (PIH Information Center).



# Sections 102, 103, 104 Overview

These sections make significant changes to the United States Housing Act of 1937, particularly those affecting income calculation and reviews.

**Section 102** changes requirements related to income reviews for public housing and Housing Choice Voucher (HVC) programs.

**Section 103** modifies the continued occupancy standards of public housing residents whose income has grown above the over-income limit.

**Section 104** sets maximum limits on the assets that families residing in public housing and HCV assisted housing may have.

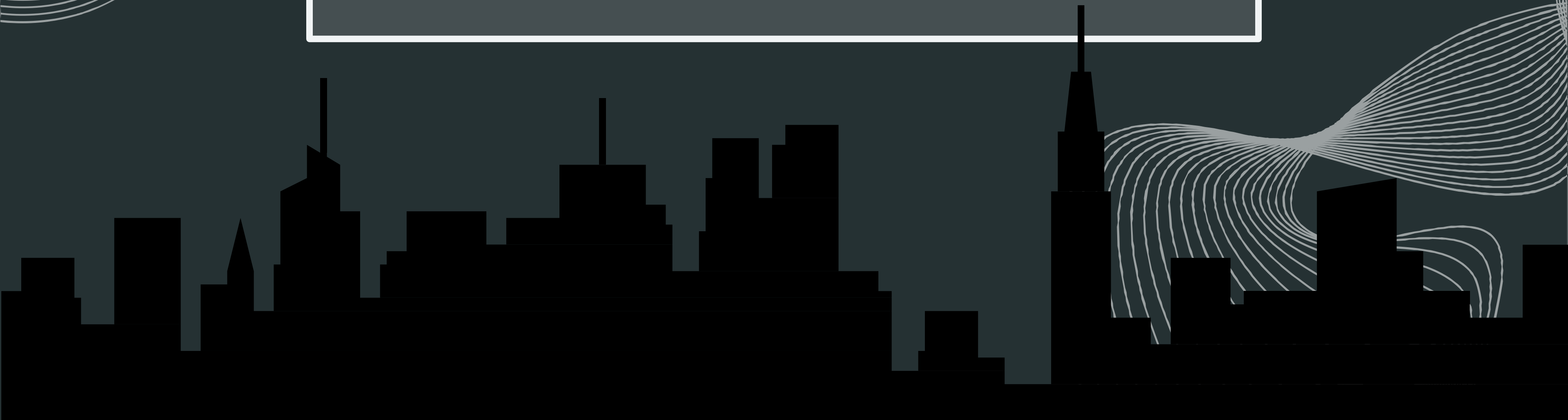


# **HOTMA**

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## **SECTION 103**



## AGENDA

- Overview of over-income (OI) rules
- Process for calculating over-income families
- Notification process for over-income families
- Termination of tenancy and alternatives



# SECTION 103 INCOME LIMITATION

Section 103 creates a limitation on tenancy for assisted families in the public housing program who become over-income for 24 consecutive months.

After the 24-month grace period:

PHA policies may allow over income families to continue to live in a public housing unit paying an alternative rent.

OR

- The PHA must terminate tenancy of the over income family within six months of final notification.







# SECTION 103 INCOME LIMITATION

## TERMINOLOGY

**ACOP:** Refers to the Admissions and Continued Occupancy Policies (ACOP) for the Public Housing Program and it must be updated to comply with this new HOTMA regulations.

**Alternative Non-Public Housing Rent (Alternative Rent):** It is the monthly amount a PHA must charge non-public housing over-income (NPHOI) families, if allowed by PHA policy to remain in a public housing unit, after they have exceeded the 24 consecutive month grace period.

**Over-Income Family (OI family):** ) is defined in 24 CFR 960.102 as a family whose income exceeds the OI limit. This term includes families during the grace period or that are in the period before termination and are still public housing program participants.

**Over-Income Limit (OI limit):** ) This amount is determined by multiplying the applicable income limit for a very low-income (VLI) family by a factor of 2.4.





# SECTION 103 INCOME LIMITATION

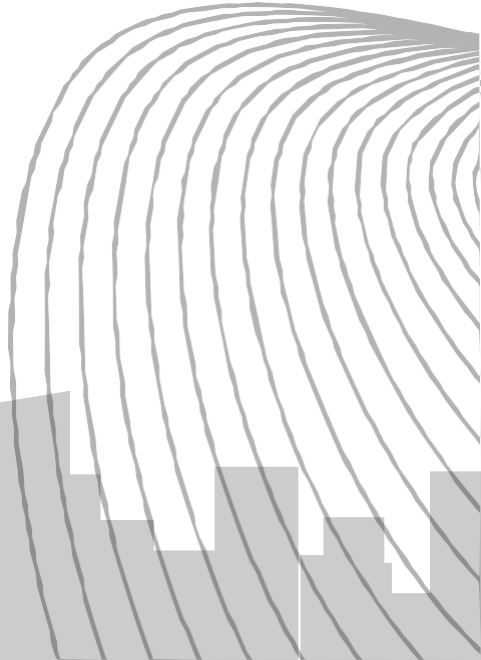
Section 103 creates a limitation on tenancy for assisted families in the public housing program who become over-income for 24 consecutive months.

The “over-income” (OI) limit is determined by multiplying the very-low-income income limit for the correct family size by a factor of 2.4.

Once a family is identified as OI, they must be noticed and recertified annually.

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HOUSEHOLD	2025 VERY LOW INCOME	ADJ.	OVER INCOME LIMIT
1	\$46,900	2.4	\$112,560
2	\$53,600	2.4	\$128,640
3	\$60,300	2.4	\$144,720
4	\$67,000	2.4	\$160,800
5	\$72,400	2.4	\$173,760
6	\$77,750	2.4	\$186,600
7	\$83,100	2.4	\$199,440
8	\$88,350	2.4	\$212,280





# SECTION 103 NOTICES DURING 24 MONTH PERIOD

PHAs must give OI families adequate notice of their change in status.

3 notices, each following an income reexamination are required, following:

1. The initial determination of OI status. The notice shall inform the family of the initial OI determination and explain the PHA's continued occupancy policy for OI families.

## OVER-INCOME FAMILY INITIAL NOTIFICATION

*North Bergen Housing Authority*

Resident name:

Address:

Date:

### Purpose

The purpose of this notice is to inform you that the North Bergen Housing Authority has determined that your family's income is above the income limit (over-income) according to Federal rules for the public housing program. This is your **initial** (1<sup>st</sup>) notice as required under the new HOTMA regulations.

### What happens next?

For now, your rent will continue to be calculated as usual, you will continue to be offered a choice between income-based and flat rent, and you do not have to move. If your family remains over-income for the following 24 consecutive months, you will no longer be eligible for assistance under the public housing program but may remain in a public housing unit paying an alternative non-public housing rent calculated under Federal rules for non-public housing tenants.

If you think that we have made a mistake and your family should not be considered over-income, you may request a hearing by calling: \_\_\_\_\_ or emailing \_\_\_\_\_. If you wish to request a hearing, please do so as soon as possible. If you do not wish to request a hearing, you do not need to do anything at this time.

# SECTION 103 NOTICES DURING 24 MONTH PERIOD

PHAs must give OI families adequate notice of their change in status.

2. A second notice is required at the conclusion of the first 12-months of the grace period. All notices shall contain language on the right to a grievance hearing.

3. A final notice is required at the conclusion of the 24-month grace period.

## OVER-INCOME FAMILY 12 MONTH NOTIFICATION

### *North Bergen Housing Authority*

Resident name:

Address:

Date:

#### Purpose

The purpose of this notice is to inform you that the North Bergen Housing Authority has determined that your family's income is above the income limit (over-income) according to Federal rules for public housing. This is your **12-month** (second) notice.

#### What happens next?

For now, your rent will continue to be calculated as usual, you will continue to be offered a choice between income-based and flat rent, and you do not have to move. If your family remains over-income for the following 12 consecutive months, you will no longer be eligible for assistance under the public housing program but may remain in a public housing unit paying an alternative non-public housing rent calculated under Federal rules for non-public housing tenants.

If you think that we have made a mistake and your family should not be considered over-income, you may request a hearing by calling: \_\_\_\_\_ or emailing \_\_\_\_\_. If you wish to request a hearing, please do so as soon as possible. If you do not wish to request a hearing, you do not need to do anything at this time.



Guttenberg Housing Authority  
24-Month Notice of Termination  
Over-Income

Date:

To:  
Address:  
Guttenberg, New Jersey 07093

Effective Date:

#### 24-Month Notice of Termination from Public Housing Program

Dear:

This letter serves as your **formal 24-month notice of termination** from the Guttenberg Housing Authority. In accordance with federal regulations, your household is no longer eligible for public housing assistance due to your income exceeding the maximum allowable limits for **24 consecutive months**.

#### Why You Are Receiving This Notice

- Your household income has been above the allowable limit for public housing for 24 continuous months.
- Under HUD regulations, families who exceed income limits for this duration must be terminated from the public housing program.

#### Disagree With This Determination?

If you believe this decision is incorrect or wish to contest it, you have the right to request a **grievance hearing within 10 days of this notice**. Please contact us as soon as possible to begin that process:

- Phone: (201) 861-0900
- Email: [Randrade@guttenberg.org](mailto:Randrade@guttenberg.org)
- In Person: 6900 Broadway Guttenberg, NJ 07093

#### Important Notes Regarding Income Changes

- A **decrease in income after this notification** will not change the termination decision.
- You may request a reexamination, but it **will not reinstate your eligibility** under current HUD rules.

#### Next Steps

- **You do not need to move out at this time.**
- At this point, you may continue to live in your current unit, but:
- You will pay an **alternative non-public housing rent** (currently estimated at \$2,525)
- You will be required to **sign a new lease**

#### Responsibility for Repairs

Once your status changes, you will be financially responsible for repairs resulting from tenant-generated damage, as well as any associated fees. A Tenant Guide Handbook, outlining these responsibilities in detail, will be provided to you upon your status change.

**We understand this may be a challenging transition. Please do not hesitate to contact our office with any questions or concerns. We are here to help guide you through the process.**


Sincerely,

\_\_\_\_\_  
Executive Director



## SECTION 103 ALTERNATIVE NON-PUBLIC HOUSING RENT

A remaining NPHOI family must be charged monthly rent equal to the higher of:

- The applicable fair market rent, or
  - The amount of the monthly subsidy provided for the unit as published by HUD.
  - The PHA will no longer receive subsidy for a unit with an NPHOI family paying alternative rent.
  - The PHA must not conduct an annual income reexamination for an NPHOI family. A NPHOI family can reapply to the public housing program if conditions change. PHA's are extended the option of extending a preference for NPHOI families re-applying to the program.
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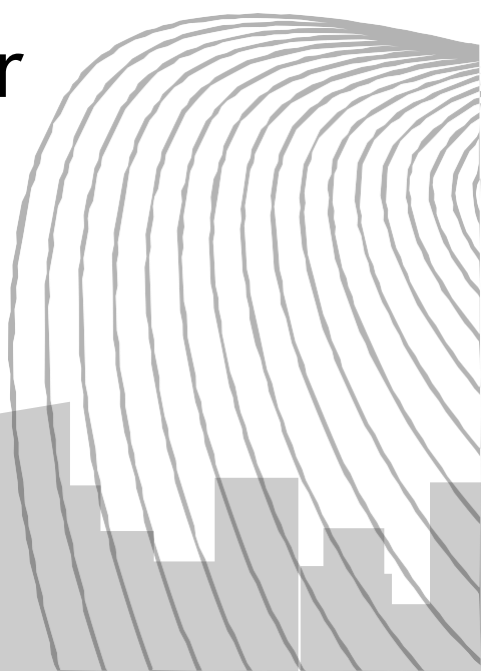




# SECTION 103 NON-PUBLIC HOUSING OVER INCOME FAMILIES

Families who remain in their unit under a new lease are no longer public housing program participants.

Non-Public Housing Over Income (NPHOI) family members may not:

- Participate in resident councils.
  - Participate in programs for low-income or PH participants.
  - Receive assistance such as utility allowances from the PHA.
  - NPHOI families are not required to comply with any Community Service and Self-Sufficiency Requirements.
  - During the interim 24 month period, families retain all their PH rights. If they fall below the OI limit during this period they return to the regular income reexaminations.
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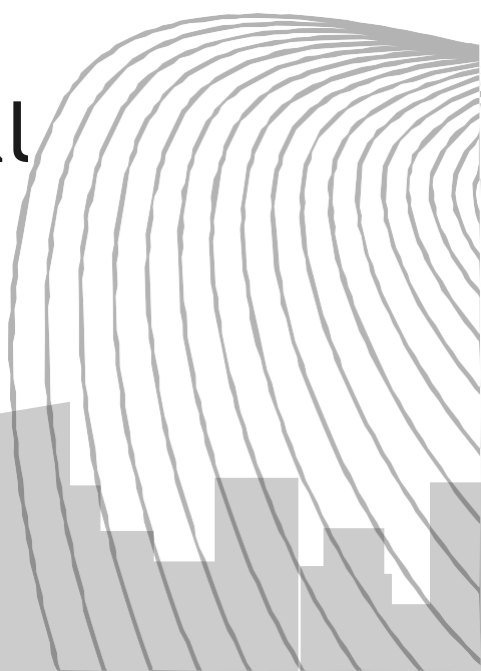
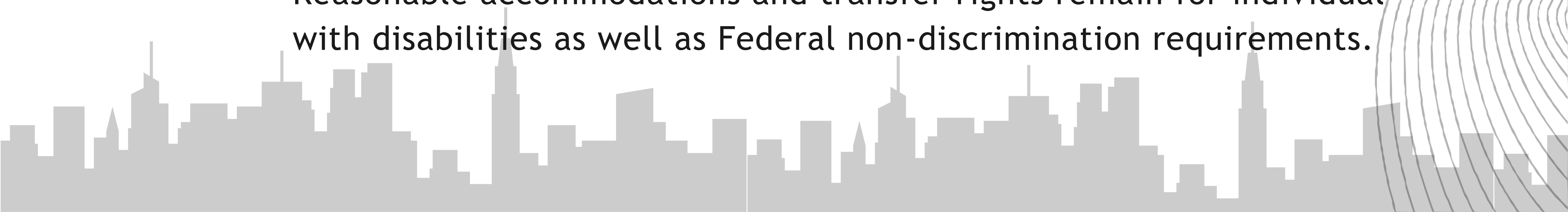




# SECTION 103 INCOME LIMITATION

## Additional provisions

### After the 24-month grace period:

- If the PHA allows for continuous occupancy a new non-public housing lease shall be entered into within 60 days of the final notice
  - Otherwise, the PHA must terminate tenancy of the OI family within six months of the final notification. Notice shall be extended to the client in accordance with state landlord/tenant court regulations. This is also applicable in the cases where the families is extended the option of paying an alternative rent under a non-public housing lease and refuses to sign.
  - Reasonable accommodations and transfer rights remain for individual with disabilities as well as Federal non-discrimination requirements.
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# SECTION 103 INCOME LIMITATION

## Additional provisions

### Non-Public Housing Over Income Leases:

- Leases must contain at a minimum the provisions found at 24 CFR 960.509 (b) such as:
  - A. Lease term and renewal - may be month to month
  - B. Costs covered by the lease
  - C. Procedure around lease termination and grievance procedures
  - D. Procedures for lease renewals and modification

HOTMA Income and Assets Training Series

### Non-Public Housing Over-Income Sample Lease

Section 1: Parties, dwelling unit, and term.

1. Name of PHA and tenants: THIS AGREEMENT is executed between the [name of housing authority] (herein called "PHA"), and [address, apartment number, and any other information needed to identify the dwelling unit] (called "premises" or "dwelling unit") to be occupied exclusively as a private residence by Tenant and household.

2. The PHA leases to the tenant, upon Terms and Conditions set forth in Part I of this Lease agreement) the dwelling unit LOCATED at [address, apartment number, and any other information needed to identify the dwelling unit] (called "premises" or "dwelling unit") to be occupied exclusively as a private residence by Tenant and household.

3. The term of the lease is: \_\_\_\_\_.

4. (A) PHA-supplied utilities, services, and equipment. If indicated by an (X) below, PHA provides the indicated utility as part of the rent for the premises without additional cost:  
(X) Electricity ( ) Natural Gas ( ) Heating Fuel ( ) Water ( ) Sewerage ( ) Other  
(B) Tenant-supplied utilities and appliances. If indicated by an (X) below, tenant must pay for the indicated utility:  
(X) Electricity ( ) Natural Gas ( ) Heating Fuel ( ) Water ( ) Sewerage ( ) Other





# QUESTIONS!

