



Montclair Housing Authority

Housing Choice Voucher Program

2027 HOTMA Resident Fact Sheet: Asset and Real Property Limitations

*This fact sheet is for Housing Choice Voucher Program participants. There are new rules on the way income is counted because of a federal law, the Housing Opportunity Through Modernization Act of 2016 (HOTMA). Montclair Housing Authority (MHA) will start using these rules on **January 1, 2027**. This fact sheet is **not official** 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 participating in the housing choice voucher program (HCV or Section 8) cannot have more than **\$109,797*** 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 and HCV. PHAs must deny applicants with assets or property that are over the limit.

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 \$109,797* in value, there are many things that HUD has excluded. Anything that’s excluded is not counted toward the net family assets total.

Some common examples of assets that are **excluded** from the total limit of \$109,797* 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.
- **Non-necessary items of personal property, if the combined total value is not more than \$54,898*.** 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 \$54,898* 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.

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 \$109,797* 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.

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.)

* As adjusted annually for inflation.



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