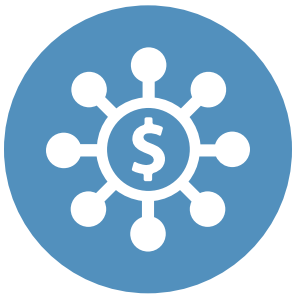
NOTE: ASSET LIMITATIONS DO NOT APPLY TO LIHTC, HOME, RD, HTF.



Assets, Asset Exclusions, and Limitation on Assets Resource Sheet

For more information refer to the full HOTMA Income and Assets Training Series, including the Income Fact Sheet.

Definition of Assets 24 CFR 5.603(b) "Net Family Assets" Para. (1)

Net family assets: the net cash value of all assets owned by the family, after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment.

This new definition includes the cash value of all family assets with the exception of the expanded and enumerated exclusions.

Eligibility Restrictions Due to Family Assets 24 CFR 5.618(a)

HOTMA restricts families from receiving assistance in the public housing or housing choice voucher program if their net family assets exceed $100,000* or if the family owns real property suitable for the family to live in. There are qualifications and exemptions from both requirements.

PHAs cannot waive the asset requirements but can delay enforcement for current participants up to 6 months based on PHA policy.

Determining net family assets 24 CFR 5.603(b) "Net Family Assets" Para. (2)

- PHAs must include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application or reexamination, in excess of the consideration received.
- In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives consideration not measurable in dollar terms.
- Negative equity in real property or other investments does not prohibit the owner from selling the property or other investments, so negative equity alone would not justify an exclusion from family assets.

** 2024 amount. After 2024, HUD will adjust the amount annually based on CPI-W.*

This material is based upon work supported, in whole or in part, by Federal award number NAL-C-17-094-05 awarded to NALCAB by the U.S. Department of Housing and Urban Development. The substance and findings of the work are dedicated to the public. Neither the United States Government, nor any of its employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately-owned rights. Reference herein to any individuals, agencies, companies, products, process, services, service by trade name, trademark, manufacturer, or otherwise does not constitute or imply an endorsement, recommendation, or favoring by the author(s), contributor(s),the U.S. Government or any agency thereof. Opinions contained herein are those of the author(s) and do not necessarily reflect the official position of, or a position that is endorsed by, HUD or any Federal agency.

Assets, Asset Exclusions, and Limitation on Assets Resource Sheet

Income from Assets 24 CFR 5.609(a)

In general, income from assets is considered income. If it is possible to calculate actual returns from an asset, the PHA should use that amount.

If it is not possible to calculate an actual return on an asset, and:

- The net family assets are $50,000* or less, the imputed income from that asset is excluded
- The net family assets are over $50,000,* the PHA must impute income for the asset based on the current passbook savings rate, as determined by HUD

Net Family Assets Scenario	Actual Income	Imputed Returns	Amount Included in Income
Assets of $50,000 or less	Included	Not calculated	Actual income only
Exceeds $50,000 and actual income can be computed for ALL assets	Included	Not calculated	Actual income only
Exceeds $50,000 and NO actual income can be computed	N/A	Calculated using HUD passbook rate for all assets	Imputed returns for all assets
Exceeds $50,000, but actual income can only be computed for some assets	Included for assets that can be computed	Calculated for any remaining assets where actual income cannot be computed	Actual income that can be computed AND imputed returns for all remaining assets that cannot be computed

Restriction on Owning Real Property Suitable for Occupancy

24 CFR 5.618(a)(ii)

A family cannot receive benefits if they have "present ownership interest in, a legal right to reside in, and the effective legal authority to sell, based on state or local laws of the jurisdiction where the property is located, real property that is suitable for occupancy by the family as a residence."

The restriction on owning real property does not apply to:

- A family that receives assistance for the property under the Housing Choice Voucher Program for:
  - Manufactured home (24 CFR 982.620)
  - Homeownership Option
- Property jointly owned with someone else, and occupied by the other owner who is not a member of the household receiving benefits.
- A victim of domestic violence, dating violence, sexual assault, or stalking.
- A family that is offering the property for sale.

Assets, Asset Exclusions, and Limitation on Assets Resource Sheet

A family that owns a property may show it is not "suitable for occupancy" if it:

- Does not meet the disability-related needs for all members of the family.
  - » Examples: Physical needs, proximity to transit, need for additional bedrooms or space, etc.
- Is not sufficient for the size of the family.
- Is located so as to be a hardship for the family.
  - » Example: the location would be a hardship for the family's commute to work or school
- Is unsafe because of physical condition.
  - » Unless issues can be "easily remedied"
- Cannot be a residence per local or state laws.
  - » Example: a storefront zoned for commercial use only

Documentation of Assets 24 CFR 5.618(b)

For documentation of net family assets under $50,000*, the PHA may accept self-certification from the family that the assets are under that amount.

- Certification must include any expected income from the assets (actual returns only).
- No further documentation is required by the PHA for the net family asset restriction.
- Assets must be verified every 3 years.

Property ownership: the PHA may accept self-certification that the "family does not have any present ownership interest in any real property."

- The statutory self-certification *only* asks about ownership, and does not address the other elements of the restriction (such as a legal right to reside in, and the effective legal authority to sell the property).
- PHAs can use a form with the statutory self-certification question as well as follow-up questions related to other elements.

If family declares a property and asks for an exemption because a family member is a victim of domestic violence, dating violence, sexual assault, or stalking:

- The PHA must accept self-certification of the family member
- **24 CFR 5.2007** applies
  - » Confidentiality rules
  - » Restrictions on document requests
- HUD expects to update VAWA-related forms at a later date
  - » Form HUD **5380** Notice of Occupancy Rights under VAWA
  - » Form HUD **5382** Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking, and Alternate Documentation

Assets, Asset Exclusions, and Limitation on Assets Resource Sheet

Excluded assets 25 CFR 5.603(b) "Net Family Assets" Para. (3) and (4)

The following assets are excluded under HOTMA. If the family owns an excluded asset, its value does not count toward the restriction due to net family assets. Most of these exclusions are new.

Category	Excluded Asset	Example(s)	Notes
Personal property	Necessary items of personal property	Medical devices, vehicle for commute	Determining what is a "necessary item" for personal property is a highly fact-specific determination. Additional guidance is forthcoming from HUD.
Personal property	Non-necessary items of personal property if the combined total value does not exceed $50,000*	Vintage baseball cards, recreational boat, coin collection, art so long as the *total* value is under the limit	This matches the value of assets that can be self-certified by the family.
Savings account	Retirement account recognized by IRS	IRA, 401(k), 401(b) and retirement plans for self-employed individuals	
Real property	Real property that the family does not have the effective legal authority to sell in the jurisdiction in which the property is located	Property subject to a lawsuit may be legally restricted from sale.	Such property does not count against the dollar amount limit or the real property limitation
Cash	Any amounts recovered in any civil action or settlement based on a claim of malpractice, negligence, or other breach of duty owed to a family member, for an incident resulting in a disability	A drunk driver injures a family member, who then has a disability. The family sues, and the driver's insurance pays the family.	
Savings account	The value of certain education or disability support savings accounts	Under Internal Revenue Code sections 529, 529A, 530, "baby bond" accounts	Coverdell accounts, tuition programs, any "baby bond" account created, authorized, or funded by Federal, state, or local government
Real property	Interest in Indian trust land	Family has interest in land held in trust by Bureau of Indian Affairs	Existing exclusion
Real property	Equity in a manufactured home where the family receives assistance under 24 CFR 982	HCV Manufactured Home Space Rental participants	
Real property	Equity in property where the family receives assistance under 24 CFR 982	HCV homeownership participant	For real property other than manufactured homes
Savings account	Family Self-Sufficiency (FSS) accounts		The family does not have access to FSS funds during their participation in the program. Also excluded from income.
Cash	Federal tax refunds or refundable tax credits for a period of 12 months after receipt by the family	Earned Income Tax Credits (EITC)	
Trust Funds	Trust that is not revocable by, or under the control of, any member of the family or household	Non-revocable trust fund; trust fund revocable once minor child reaches age 21	As long as a trust meets this definition, it is not an asset of the family