



GOVERNMENT OF THE DISTRICT OF COLUMBIA  
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT



**EXECUTIVE SUMMARY**

**SUBJECT:     Housing Opportunity Through Modernization Act  
                  ("HOTMA") Compliance Guidance**

**DATE:           4/6/2026**

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**I.     DESCRIPTION OF ACTION TO BE TAKEN:**

PAMD is requesting approval to release compliance guidance for the owners and managers in our portfolio by April 2026. PAMD will begin monitoring all HOTMA on August 1, 2026. As HOTMA represents significant benefits to tenants, owner/agents, and DHCD, implementing within a reasonable time after the release of guidance in the compliance manual and public training would be beneficial.

**II.    BACKGROUND:**

[The Housing Opportunity Through Modernization Act \(HOTMA\) was signed into law on July 29, 2016.](#)

- On July 29, 2016, HOTMA was signed into law. HOTMA makes numerous amendments to Sections 3, 8, and 16 of the United States Housing Act of 1937, including significant changes to income calculation, net family assets, and income reviews. One of the goals in implementing HOTMA was to streamline the requirements across all HUD program processes and reduce the burden on housing providers.
- Although there is no mention of Low-Income Housing Tax Credits ("LIHTC") properties in the HOTMA legislative text or in the HUD regulations, HOTMA still affects LIHTC properties. According to Treasury Regulations §1.42-5(b)(1)(vii) Monitoring Compliance with Low-Income Housing Credit Requirements, "[t]enant income is calculated in a manner consistent with the determination of annual income under Section 8 of the United States Housing Act of 1937 ("Section 8"), not in accordance with the determination of gross income for federal income tax liability." As such, HOTMA applies to LIHTC properties because it applies to Section 8. Moreover, HOTMA applies to all HUD funded properties in the DC Housing and Community Development PAMD rental portfolio.
- The [HOTMA Final Rule was published on January 9, 2023](#), and the [Implementation of Sections 102 and 104 of the Housing Opportunity Through Modernization Act of 2016 \(HOTMA\)](#) amends the occupancy,



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income, and asset determination criteria used for qualification in HUD administered programs. HOTMA also supersedes the guidance in the [HUD Handbook 4350.3, Change 4 Revision-1, Chapter 5](#); used for determining income eligibility for the LIHTC program. These were legally effective January 1, 2024.

- HUD issued an extension until January 1, 2027 (“HUD Compliance Deadline”) for its programs to fully implement the HOTMA eligibility requirements in all programs.
- All properties under a covered HUD program (PBRA, CDBG, HOME, HTF, RAD, Public Housing, etc.), must implement all areas of HOTMA by the HUD Compliance Deadline and apply the most restrictive requirements in the tenant certification. For non-PBRA and Public Housing programs, January 2027 is a deadline. For instance, HOME participating jurisdictions may implement the regulations sooner. HUD Program Administrators must answer project-specific questions about the HUD mandated eligibility and documentation requirements.

### III. DHCD HOTMA COMPLIANCE:

#### **Will the HOTMA guidance be required or optional for properties in the DHCD Rental Portfolio?**

As a matter of fairness and consistency, HOTMA should be applied to all properties in the DHCD portfolio for certifications completed on and after August 1, 2026. Some areas of HOTMA may be optional or amended by DHCD and applied in properties without covered HUD programs.

All properties in the DHCD rental portfolio must prepare for and implement the HOTMA eligibility criteria for all tenant income certifications by August 1, 2026, or any earlier date required for all programs by HUD or the IRS.

**Compliance Monitoring:** Properties that choose not to implement HOTMA criteria for new certifications after August 1, 2026, will receive an administrative comment in the property audit about the required HOTMA Compliance Deadline. If IRS or other program rules are violated as a result, noncompliance will be reported to the IRS or otherwise addressed as a program violation.

DHCD will provide more HOTMA guidance and training in 2026.