



50 CHURCH STREET
MOUNT CLEMENS, MI 48043
Office: (586) 468-1434 Fax: (586) 464-0142 TTY: 711

June 26, 2025

Dear Resident:

The Mt. Clemens Housing Commission (MCHC) is writing to inform you about important policy changes the Department of Housing and Urban Development (HUD) has made in the Public Housing Program as mandated by the Housing Opportunity Through Modernization Act (HOTMA). The HOTMA changes are designed to ensure that families are receiving the appropriate amount of assistance from the government based on their income, assets and expenses.

HOTMA will have a major impact on MCHC's program operations and make changes to income and asset calculations that we must use to determine the amount of rent that your household pays. As a result of these rule changes, many of our processes, procedures and forms will change.

A few changes will be effective as of July 1, 2025, and apply to new admissions, annual recertifications and interims dated July 1, 2025, and after. There are some HOTMA rules changes HUD says MCHC is unable to implement and apply until HUD's Housing Information Portal (HIP) and revised forms are ready. However, we are adopting all mandatory HOTMA regulations in our Admissions and Continued Occupancy Policy (ACOP), as HUD expects public housing agencies to be prepared when the new system is ready. This letter explains all HOTMA-related changes and extends to you the opportunity to ask questions at a public hearing on Friday, August 15, 2025, from 10:00 AM-10:30 AM on Friday, August 15, 2025, at Clemens Towers, Mt. Clemens, MI 48043.

Please review this information carefully to understand how these changes may affect your housing assistance. This is NOT a comprehensive listing of all policies and procedures of MCHC.

MCHC's compliance with HOTMA prior to July 1, 2025:

- **Earned Income Disregard** – As of January 01, 2024, MCHC stopped enrolling families into the Earned Income Disregard (EID) program. The last day residents were eligible to enroll in an EID was January 01, 2024. After that date, the only household members who will be receiving EIDs are those who qualified before 12/31/23. Families already receiving EID may continue benefitting from the EID until their 24-month term expires.
- **Form HUD 9886-A** – MCHC began requiring this form (Authorization for the Release of Information/Privacy Act Notice) as of February 1, 2025. This form is effective from the date signed until a resident has moved out or is terminated from the public housing program. Adult household members aged 18 and older will be required to sign this updated form at their family's next recertification. *It is the policy of MCHC to reject applicants or terminate residents if they fail to sign and/or revoke their authorization of HUD-9886-A form.*



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Key Changes Effective July 1, 2025, for all income certifications

- Income Exclusions – Regulation: 24 CFR 5.609(b) (See Appendix A)
- Definitions – Regulation: 24 CFR 5.100, 5.403, 5.603 (See Appendix B)
- De Minimis Errors - Regulation: 24 CFR 5.609(c)(4); 882.515(f); 882.808(i)(5); 960.257(f); and 982.516(f) A de minimis error is an error where the MCHC determination of family income deviates from the correct income determination by no more than \$30 per month in monthly adjusted income (\$360 in annual adjusted income). If MCHC makes a calculation error at admission to the program or at an annual reexamination, an interim reexamination will be conducted, if necessary, to correct the error, and the family will not be charged retroactively. Families will be given decreases, when applicable, retroactive to when the decrease for the change would have been effective if calculated correctly.

Delayed Rule HOTMA Changes

HUD has delayed implementation of some HOTMA provisions until updates to its systems and forms are completed. We will notify you when the new rules take effect. The highlights of these changes are summarized below.

- New Procedures for Annual and Interim recertifications: Under HOTMA rules, we will look at the entirety of your family's unearned income and earned income from the prior year, in which earned income may have been one constant job or many different jobs that start and stop.
- New procedures for verification of income: The new verification hierarchy, which allows for use of the Earned Income Verification (EIV) report *plus* self-certification.
- Changes for elderly/disabled Households: The new HOTMA rules increase – from \$400 to \$525 per household – the standard deductions for families with a head, co-head, or spouse who is elderly or a person with a disability. The current threshold of 3% of your annual income will increase to 10%.
- New rules for calculating income and assets: HOTMA has expanded lists of what we must count, or not count, as income and assets when determining eligibility and rent amounts for a household.
- New rules regarding asset limitations: Households with net family assets that exceed \$100,000, or those that own real property that is suitable for occupancy, will be determined ineligible for housing assistance.
- Standard deduction inflation adjustments: Under HOTMA, HUD is now obligated to adjust standard deductions annually to account for inflation. Those include the dependent and elderly deduction and the asset threshold amounts. We will notify you when HUD releases more information in coming years about these adjustments.



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- Financial hardship options: HOTMA has several options that may help households who are affected by the new rules and facing financial hardship. These pertain to health and medical expenses, reasonable attendant care and auxiliary apparatus expenses and childcare expenses. Staff will discuss these options with you if/when your household is affected.

Additional Resources

Additional detailed information about these HOTMA changes is available through the following resources.

- HUD's Resident Resource HOTMA Website:
www.hudexchange.info/programs/hotma/hotma-income-and-assets/#resident-resource
- PIH Notice 2023-27 (Implementation Guidance: Sections 102 and 104 of the Housing Opportunity Through Modernization Act of 2016)
www.hud.gov/sites/dfiles/PIH/documents/PIH%202023-27%20HOTMA.pdf

What You Need to Do

- Immediately report all income, asset and other household changes
- Submit any required documentation on time
- Ensure all required forms and income verification documents are submitted as requested.
- Attend any scheduled recertification appointments

We understand this is a lot of new information. We will provide further guidance and answer any questions regarding these changes. We understand that policy changes can be complex, and we are here to assist you. If you have any questions or need further clarification, please contact your property manager at 586-468-1434.

Thank you for your cooperation. We appreciate your attention to these critical updates.

Sincerely,

Tamica Sutton
Executive Director

Attachments: Appendix A
Appendix B



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Appendix A – New or Revised Income Exclusions

For all certifications with an effective date on or after July 1, 2025, PHAs must use these definitions.

Annual income does not include the following:

(1) Any imputed return on an asset when net family assets total \$50,000 or less (which amount HUD will adjust annually in accordance with the Consumer Price Index for Urban Wage Earners and Clerical Workers) and no actual income from the net family assets can be determined.

(2) The following types of trust distributions: (i) For an irrevocable trust or a revocable trust outside the control of the family or household excluded from the definition of net family assets under § 5.603(b): (A) Distributions of the principal or corpus of the trust; and (B) Distributions of income from the trust when the distributions are used to pay the costs of health and medical care expenses for a minor. (ii) For a revocable trust under the control of the family or household, any distributions from the trust; except that any actual income earned by the trust, regardless of whether it is distributed, shall be considered income to the family at the time it is received by the trust.

(3) Earned income of children under 18 years of age.

(4) Payments received for the care of foster children or foster adults, or State or Tribal kinship or guardianship care payments.

(5) Insurance payments and settlements for personal or property losses, including but not limited to payments through health insurance, motor vehicle insurance, and workers' compensation.

(6) Amounts received by the family that are specifically for, or in reimbursement of, the cost of health and medical care expenses for any family member.

(7) 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 arising out of law, that resulted in a member of the family becoming disabled.

(8) Income of a live-in aide, foster child, or foster adult as defined in §§ 5.403 and 5.603, respectively.

(9) (i) Any assistance that section 479B of the Higher Education Act of 1965, as amended (20 U.S.C. 1087uu), requires be excluded from a family's income; and (ii) Student financial assistance for tuition, books, and supplies (including supplies and equipment to support students with learning disabilities or other disabilities), room and board, and other fees required and charged to a student by an institution of higher education (as defined under Section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002)) and, for a student who is not the head of



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household or spouse, the reasonable and actual costs of housing while attending the institution of higher education and not residing in an assisted unit.

(A) Student financial assistance, for purposes of this paragraph (9)(ii), means a grant or scholarship received from (1) The Federal government; (2) A State, Tribe, or local

government; (3) A private foundation registered as a nonprofit under 26 U.S.C. 501(c)(3); (4) A business entity (such as corporation, general partnership, limited liability company, limited partnership, joint venture, business trust, public benefit corporation, or nonprofit entity); or (5) An institution of higher education.

(B) Student financial assistance, for purposes of this paragraph (9)(ii), does not include — (1) Any assistance that is excluded pursuant to paragraph (b)(9)(i) of this section; (2) Financial support provided to the student in the form of a fee for services performed (e.g., a work study or teaching fellowship that is not excluded pursuant to paragraph (b)(9)(i) of this section); (3) Gifts, including gifts from family or friends; or (4) Any amount of the scholarship or grant that, either by itself or in combination with assistance excluded under this paragraph or paragraph (b)(9)(i), exceeds the actual covered costs of the student. The actual covered costs of the student are the actual costs of tuition, books and supplies (including supplies and equipment to support students with learning disabilities or other disabilities), room and board, or other fees required and charged to a student by the education institution, and, for a student who is not the head of household or spouse, the reasonable and actual costs of housing while attending the institution of higher education and not residing in an assisted unit. This calculation is described further in paragraph (b)(9)(ii)(E) of this section.

(C) Student financial assistance, for purposes of this paragraph (b)(9)(ii) must be: (1) Expressly for tuition, books, room and board, or other fees required and charged to a student by the education institution; (2) Expressly to assist a student with the costs of higher education; or (3) Expressly to assist a student who is not the head of household or spouse with the reasonable and actual costs of housing while attending the education institution and not residing in an assisted unit.

(D) Student financial assistance, for purposes of this paragraph (b)(9)(ii), may be paid directly to the student or to the educational institution on the student's behalf. Student financial assistance paid to the student must be verified by the responsible entity as student financial assistance consistent with this paragraph (b)(9)(ii).

(E) When the student is also receiving assistance excluded under paragraph (b)(9)(i) of this section, the amount of student financial assistance under this paragraph (b)(9)(ii) is determined as follows: (1) If the amount of assistance excluded under paragraph (b)(9)(i) of this section is equal to or exceeds the actual covered costs under paragraph (b)(9)(ii)(B)(4) of this section, none of the assistance described in this paragraph (b)(9)(ii) of this section is considered student financial assistance excluded from income under this paragraph (b)(9)(ii)(E). (2) If the amount of assistance excluded under paragraph (b)(9)(i) of this section is less than the actual covered costs under paragraph (b)(9)(ii)(B)(4) of this section, the amount of



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assistance described in paragraph (b)(9)(ii) of this section that is considered student financial assistance

excluded under this paragraph is the lower amount of total student financial assistance received under this paragraph (b)(9)(ii) of this section, or (ii) the amount by which the actual covered costs under paragraph (b)(9)(ii)(B)(4) of this section exceeds the assistance excluded under paragraph (b)(9)(i) of this section.

(10) Income and distributions from any Coverdell education savings account under section 530 of the Internal Revenue Code of 1986 or any qualified tuition program under section 529 of such Code; and income earned by government contributions to, and distributions from, "baby bond" accounts created, authorized, or funded by Federal, State, or local government.

(11) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.

(12) (i) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS); (ii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (e.g., special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program; (iii) Amounts received under a resident service stipend not to exceed \$200 per month. A resident service stipend is a modest amount received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. (iv) Incremental earnings and benefits resulting to any family member from participation in training programs funded by HUD or in qualifying Federal, State, Tribal, or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives and are excluded only for the period during which the family member participates in the employment training program unless those amounts are excluded under paragraph (b)(9)(i) of this section.

(13) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.

(14) Earned income of dependent full-time students in excess of the amount of the deduction for a dependent in § 5.611.

(15) Adoption assistance payments for a child in excess of the amount of the deduction for a dependent in § 5.611.

(16) Deferred periodic amounts from Supplemental Security Income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts, or any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts.



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(17) Payments related to aid and attendance under 38 U.S.C. 1521 to veterans in need of regular aid and attendance.

(18) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit.

(19) Payments made by or authorized by a State Medicaid agency (including through a managed care entity) or other State or Federal agency to a family to enable a family member who has a disability to reside in the family's assisted unit. Authorized payments may include payments to a member of the assisted family through the State Medicaid agency (including through a managed care entity) or other State or Federal agency for caregiving services the family member provides to enable a family member who has a disability to reside in the family's assisted unit.

(20) Loan proceeds (the net amount disbursed by a lender to or on behalf of a borrower, under the terms of a loan agreement) received by the family or a third party (e.g., proceeds received by the family from a private loan to enable attendance at an educational institution or to finance the purchase of a car).

(21) Payments received by Tribal members as a result of claims relating to the mismanagement of assets held in trust by the United States, to the extent such payments are also excluded from gross income under the Internal Revenue Code or other Federal law.

(22) Amounts that HUD is required by Federal statute to exclude from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in paragraph (b) of this section apply. HUD will publish a notice in the Federal Register to identify the benefits that qualify for this exclusion. Updates will be published when necessary.

(23) Replacement housing "gap" payments made in accordance with 49 CFR part 24 that offset increased out of pocket costs of displaced persons that move from one federally subsidized housing unit to another Federally subsidized housing unit. Such replacement housing "gap" payments are not excluded from annual income if the increased cost of rent and utilities is subsequently reduced or eliminated, and the displaced person retains or continues to receive the replacement housing "gap" payments.

(24) Nonrecurring income, which is income that will not be repeated in the coming year based on information provided by the family. Income received as an independent contractor, day laborer, or seasonal worker is not excluded from income under this paragraph, even if the source, date, or amount of the income varies. Nonrecurring income includes:

- (i) Payments from the U.S. Census Bureau for employment (relating to decennial census or the American Community Survey) lasting no longer than 180 days and not culminating in permanent employment.
- (ii) Direct Federal or State payments intended for economic stimulus or recovery.
- (iii) Amounts directly received by the family as a



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result of State refundable tax credits or State tax refunds at the time they are received. (iv) Amounts directly received by the family as a result of Federal refundable tax credits and Federal tax refunds at the time they are received. (v) Gifts for holidays, birthdays, or other significant life events or milestones (e.g., wedding gifts, baby showers, anniversaries). (vi) Non-monetary, in-kind donations, such as food, clothing, or toiletries, received from a food bank or similar organization. (vii) Lump-sum additions to net family assets, including but not limited to lottery or other contest winnings.

(25) Civil rights settlements or judgments, including settlements or judgments for back pay.

(26) Income received from any account under a retirement plan recognized as such by the Internal Revenue Service, including individual retirement arrangements (IRAs), employer retirement plans, and retirement plans for self-employed individuals; except that any distribution of periodic payments from such accounts shall be income at the time they are received by the family.

(27) Income earned on amounts placed in a family's Family Self Sufficiency Account.

(28) Gross income a family member receives through self-employment or operation of a business; except that the following shall be considered income to a family member:

(i) Net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations; and (ii) Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.

For all certifications with an effective date on or after July 1, 2025, PHAs must use these definitions.

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- **Family:** as defined by HUD includes, but is not limited to the following, regardless of actual or perceived sexual orientation, gender identity, or marital status, a single person, who may be an elderly person, displaced person, disabled person, near-elderly person, or any other single person, an otherwise eligible youth who has attained at least 18 years of age and not more than 24 years of age and who has left foster care, or will leave foster care within 90 days, in accordance with a transition plan described in section 475(5)(H) of the Social Security Act (42 U.S.C. 675(5)(H)), and is homeless or is at risk of becoming homeless at age 16 or older; or a group of persons residing together.
- **Minor:** a member of the family, other than the head of family or spouse, who is under 18 years of age.
- **Dependent:** a family member who is under 18 years of age or a person of any age who is a person with a disability or a full-time student, except that the following persons can never be dependents: the head of household, spouse, cohead, foster children/adults and live-in aides. Identifying each dependent in the family is important because each dependent qualifies the family for a dependent allowance.
- **Foster child:** a member of the household who meets the definition of a foster child under state law. In general, a foster child is placed with the family by an authorized placement agency (e.g., public child welfare agency) or by judgment, decree, or other order of any court of competent jurisdiction.
- **Foster adult:** a member of the household who is 18 years of age or older and meets the definition of a foster adult under state law. In general, a foster adult is a person who is 18 years of age or older, is unable to live independently due to a debilitating physical or mental condition and is placed with the family by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.
- **Earned income:** income or earnings from wages, tips, salaries, other employee compensation, and net income from self-employment. Earned income does not include any pension or annuity, transfer payments (meaning payments made or income received in which no goods or services are being paid for, such as welfare, social security, and governmental subsidies for certain benefits), or any cash or in-kind benefits. • **Unearned income:** any annual income that is not earned income.
- **Nonrecurring income:** income that will not be repeated beyond the coming year (e.g., 12 months following the effective date of the certification) based on information provided by



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the family, is excluded from annual income. This exclusion does not include unemployment income and other types of periodic payments that are received at regular intervals (such as weekly, monthly, or yearly).

- Day laborer: an individual hired and paid one day at a time without an agreement that the individual will be hired or work again in the future. Income earned as a day laborer is not considered nonrecurring income.
- Seasonal worker: an individual who is hired into a short-term position (e.g., for which the customary employment period for the position is six months or fewer) and the employment begins about the same time each year (such as summer or winter). Typically, the individual is hired to address seasonal demands that arise for the particular employer or industry. Some examples of seasonal work include employment limited to holidays or agricultural seasons. Seasonal work may include but is not limited to employment as a lifeguard, ballpark vendor, or snowplow driver. Income earned as a seasonal worker is not considered nonrecurring income.
- Independent contractor: an individual who qualifies as an independent contractor instead of an employee in accordance with the Internal Revenue Code federal income tax requirements and whose earnings are consequently subject to the self-employment tax. In general, an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done. This may include individuals such as third-party delivery and transportation service providers and "gig workers" like babysitters, landscapers, rideshare drivers, and house cleaners. Income earned as an independent contractor is not considered nonrecurring income.
- Health and Medical Care Expense: any costs incurred in the diagnosis, cure, mitigation, treatment, or prevention of disease or payments for treatments affecting any structure or function of the body. Health and medical care expenses include medical insurance premiums and long-term care premiums that are paid or anticipated during the period for which annual income is computed. This expense deduction is applicable when the head of household or spouse is aged 62 or older, or is a person with disabilities.