

Table of Contents

CHAPTER 2 Income

	LEARNING OUTCOMES	2-1
Section 2.1	Annual Income	2-2
	INCOME OF VARIOUS HOUSEHOLD MEMBERS.	2-3
	Learning Activity 2-1: Income Inclusions and Exclusions for Different Household Members	2-9
Section 2.2	Earned Income	2-10
	PROJECTING EMPLOYMENT INCOME	2-11
	Learning Activity 2-2: Projecting Income at New Admission	2-13
	SEASONAL EMPLOYMENT	2-14
	PROJECTING INCOME FROM SEASONAL EMPLOYMENT	2-14
	SELF-EMPLOYMENT	2-16
	MILITARY PAY	2-18
	EARNED INCOME DISALLOWANCE	2-18
Section 2.3	Income of Students	2-21
	EDUCATIONAL SAVINGS ACCOUNTS	2-21
	STUDENT LOANS	2-21
	STUDENT FINANCIAL ASSISTANCE	2-21
	STUDENT FINANCIAL ASSISTANCE UNDER HOTMA	2-23
Section 2.4	Periodic Payments and Nonrecurring Income	2-29
	PERIODIC PAYMENTS	2-29
	LUMP-SUM PAYMENTS COUNTED AS INCOME	2-29
	SOCIAL SECURITY	2-31
	RETIREMENT ACCOUNTS.	2-32
	ALIMONY AND CHILD SUPPORT	2-32
	NONRECURRING INCOME	2-33
	ZERO INCOME FAMILIES	2-37
	Learning Activity 2-3: Periodic Payments and Non-recurring Income	2-38
	PUBLIC ASSISTANCE	2-39
	PUBLIC ASSISTANCE INCOME IN AS-PAID LOCALITIES (“WELFARE RENT”)	2-39
	IMPUTED WELFARE INCOME	2-40
	Learning Activity 2-4: Imputed Welfare Income	2-44

Table of Contents

Section 2.5	Other Types of Income	2-48
	HEALTH AND MEDICAL CARE REIMBURSEMENTS	2-48
	AID AND ATTENDANCE FOR VETERANS	2-48
	HOME-BASED CARE PAYMENTS FOR A FAMILY MEMBER WITH DISABILITIES	2-48
	CIVIL ACTION SETTLEMENTS	2-50
	BABY BOND ACCOUNTS	2-50
	PLAN FOR ACHIEVING SELF-SUFFICIENCY (PASS)	2-50
	PUBLICLY ASSISTED PROGRAMS	2-51
	RESIDENT SERVICE STIPENDS	2-51
	TRAINING PROGRAMS	2-51
	REPARATION PAYMENTS	2-52
	REFUNDS AND REBATES FOR PROPERTY TAXES	2-52
	ADOPTION ASSISTANCE PAYMENTS	2-52
	LOAN PROCEEDS	2-53
	MISMANAGEMENT OF ASSETS CLAIMS	2-53
	HOUSING GAP PAYMENTS	2-53
	CIVIL RIGHTS SETTLEMENTS AND JUDGMENTS	2-53
	FAMILY SELF SUFFICIENCY ACCOUNT	2-54
	FEDERALLY MANDATED INCOME EXCLUSIONS	2-54

CHAPTER 4 Rent Calculation Quiz

CHAPTER 5 Study Guide

CHAPTER 6 Study Guide Answers

CHAPTER 2 Income

LEARNING OUTCOMES

- Upon completion of this chapter, you should be able to calculate income using 24 CFR 5.609 and Section 7 of the 50058, including:
 - Defining annual income.
 - Differentiating how income is treated for different types of household members.
 - Differentiating between what is included in determining annual income and what is excluded.
 - Calculating income for students.
 - Identifying how to calculate different types of earned income, including employment income, self-employment income, and income that is seasonal.
 - Identifying when imputed welfare income is to be used and calculate imputed welfare income.

Section 2.1 Annual Income

CFR 5.609(a)

- *Annual income* includes, with respect to the family:
 - All amounts, not specifically excluded in 24 CFR 5.609(b), received from all sources by each member of the family who is 18 years of age or older or is the head of household or spouse of the head of household,
 - Unearned income by or on behalf of each dependent who is under 18 years of age, and
 - Imputed returns of an asset based on the current passbook savings rate, as determined by HUD, when the value of the net family assets exceeds an amount that is determined by HUD, adjusted annually for inflation, and the actual returns from a given asset cannot be calculated. If it is possible to calculate actual returns from an asset, the PHA should use that amount as income.
 - For 2024, the amount is \$50,000. For 2025, the amount increased to \$51,600.
- In addition to this general definition, the regulations at 24 CFR 5.609(b) provide a comprehensive listing of all sources of income that are excluded from annual income.
 - Unlike the previous version of the regulations prior to HOTMA, the current regulations governing annual income do not list sources of income that are included in annual income. Instead, HUD relies on the definition of excluded income under 24 CFR 5.609(b) to provide the scope of what is included. To that end, all income is included unless it is specifically excluded by regulation.

24 CFR 5.609(c)

- The methodology used for calculating annual income differs depending on whether income is being calculated at initial occupancy, interim reexamination, or as part of an annual reexamination.
 - For initial occupancy/assistance and interim reexaminations, the PHA must estimate the family income for the upcoming 12-month period using current income.

Income

Section 2.1: Annual Income

- For all annual reexaminations, the PHA must determine the family income for the previous 12-month period, unless using a streamlined income determination. In determining the income for the previous 12-month period, the PHA must take into account any redetermination from an interim reexamination and any income changes that are not yet accounted for.

INCOME OF VARIOUS HOUSEHOLD MEMBERS

- Income inclusions and exclusions vary depending on the status of each household member. As such, it is important that each household member be coded correctly in the PHA's software and on the form HUD-50058.

SUMMARY OF INCOME INCLUDED AND EXCLUDED BY HOUSEHOLD MEMBER	
Live-in aides	Income from all sources (both earned and unearned) is excluded [24 CFR 5.609(b)(8)].
Foster child or foster adult	Income from all sources (both earned and unearned) is excluded [24 CFR 5.609(b)(8)].
Head, spouse, or cohead Other adult family members	All sources of income not specifically excluded by the regulations are included [24 CFR 5.609(a)].
Children under 18 years of age	Earned income is excluded [24 CFR 5.609(b)(3)]. All sources of unearned income, except those specifically excluded by the regulations, are included [24 CFR 5.609(a)].
Full-time students 18 years of age or older (not head, spouse, or cohead)	Earned income in excess of the dependent deduction is excluded [24 CFR 5.609(b)(14)]. All sources of unearned income, except those specifically excluded by the regulations, are included.

Income

Section 2.1: Annual Income

MINORS

24 CFR 5.609(a)(1)
24 CFR 5.609(b)(3)

- Employment income earned by children under the age of 18 is not included in annual income.
- All other sources of unearned income, except those specifically excluded by the regulations, are included.
 - This includes all benefit and other non-earned income paid directly to minors.
- The assets and asset income of minors are considered when determining net family assets.

EXAMPLE

Amanda Allen (age 16) is a high school student who lives with her parents who are head and spouse. She works part-time after school earning \$15,000 a year in employment income and receives \$3,500 in SSI annually. She has a non-interest-bearing checking account.

- Since Amanda is a minor, the PHA will exclude the full amount of her employment income.
- The PHA will include her unearned income from SSI.
- Amanda's checking account is considered when determining net family assets.

FULL-TIME STUDENTS

24 CFR 5.603

- A family member is considered a full time student if they are attending school or vocational training on a full-time basis.
- Therefore, to be considered "full-time," a student must be considered "full-time" by an educational institution with a degree or certificate program.
- The head of household, spouse, and cohead are never considered full-time students. If the head, spouse, or cohead is a full-time student and receives earned income, the full amount of their earned income is included in annual income.

Income

Section 2.1: Annual Income

24 CFR 5.609(a)(1)
24 CFR 5.609(b)(14)

- Earned income of dependent full-time students in excess of the amount of the deduction for a dependent, as specified in 24 CFR 5.611, is not included as income.
 - The amount of the dependent deduction will be adjusted annually for inflation.
 - Currently, the dependent deduction is \$480. Therefore, the PHA will include up to \$480 of earned income of a dependent full-time student and will exclude any amounts in excess of that amount.
- All sources of unearned income, except those specifically excluded by the regulations, are included.
 - This includes all benefit and other non-earned income paid directly to full-time students.
- The assets and asset income of full-time students is considered when determining net family assets.

EXAMPLE

Miriam Leslie (age 22) lives with her parents who are head of household and spouse. She is a full-time student. She earns \$4,000 in employment income annually at a part-time job and receives \$3,500 in SSI annually. Her SSI is deposited into her checking account.

- Since Miriam is a dependent full-time student, the PHA will exclude the amount of her employment income in excess of the dependent deduction.
- The PHA will include all of her income from SSI since this is unearned income.
- Miriam's checking account is considered when determining net family assets.

Income

Section 2.1: Annual Income

TEMPORARILY ABSENT FAMILY MEMBERS

- With the exception of children who are temporarily absent from the home as a result of placement in foster care (24 CFR 5.403), the regulations governing annual income do not specifically address temporarily absent family members.
- The regulations also do not define “temporarily” or “permanently” absent for individual family members or specify a timeframe associated with a temporary versus a permanent absence.
 - The PHA should define these terms in PHA policy.
 - For example, the PHA may consider a family member who is working in another state on assignment to be temporarily absent.
 - Once an individual is considered permanently absent, the individual is removed from the family composition and their income is no longer included.
- Since the regulations state to count all income unless that income is specifically excluded, the income of all family members approved to live in the unit (including temporarily absent family members) is included.
- The PHA should establish a policy regarding these family members since the regulations do not address this issue.

EXAMPLE OF INDIVIDUALS WHO MAY BE DEFINED AS TEMPORARILY ABSENT

Chanda Smith is head of household. She lives with her spouse Kane. Chanda accepts temporary employment in another state for two months. Kane will continue to live in the unit while she is gone.

- Provided PHA policy defines Chanda as temporarily absent, the full amount of her income she earns while working out of state will be included in the family's annual income.

Income

Section 2.1: Annual Income

LIVE-IN AIDES

24 CFR 5.609(b)(8)

- The income of live-in aides, regardless of whether it is earned or unearned income, is fully excluded from annual income.

CFR 5.403

- A live-in aide is a person who resides with one or more elderly persons, or near-elderly persons, or persons with disabilities, and who:
 - Is determined to be essential to the care and well-being of the persons;
 - Is not obligated for the support of the persons; and
 - Would not be living in the unit except to provide the necessary supportive services.
- Live-in aides are considered members of the household, not family members.
- Live-in aides are not eligible for any deductions when the family's adjusted income is calculated.
- Live-in aides and their children are coded as "L" on the 50058.

Income

Section 2.1: Annual Income

FOSTER CHILDREN AND FOSTER ADULTS

24 CFR 5.603 (b)

- A *foster child* is defined as 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.
- A *foster adult* is defined as 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.

24 CFR 5.609(b)(8)

- The income of foster children and foster adults, regardless of whether it is earned or unearned, is fully excluded from annual income.

24 CFR 5.609(b)(4)

- The PHA excludes payments received for the care of foster children or foster adults.
- State or tribal kinship or guardianship care payments are also excluded from annual income.
- Foster children and foster adults are considered members of the household, not family members.

Income

Section 2.1: Annual Income

Learning Activity 2-1: Income Inclusions and Exclusions for Different Household Members

Task: Identify whether the following types of income would be included or excluded based on the household member.

1. The head of household's 16-year-old daughter works a part-time job at a fast-food restaurant and makes \$300 per week.
 - a. Include \$300 per week
 - b. Include \$480 for the year
 - c. Exclude \$300 per week
2. The live-in aide works part-time at a hardware store and earns \$250 per week.
 - a. Include \$250 per week
 - b. Exclude \$250 per week
3. A full-time student who is not head, spouse, or cohead works at a grocery store and earns \$310 per week.
 - a. Include \$310 per week
 - b. Include \$480 for the year
 - c. Include \$480 per week
 - d. Exclude \$310 per week
4. The head of household is temporarily absent (as defined by PHA policy) from the unit because they are working for a month in another state. They earn \$500 per week.
 - a. Include \$500 per week
 - b. Exclude \$500 per week

Section 2.2 Earned Income

24 CFR 5.100

- Earned income is defined as 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.

24 CFR 5.609(a)

- The earned income of each member of the family who is 18 years of age or older, or who is the head of household or spouse/cohead regardless of age, is included in annual income.

PH Occ GB

- The PHA uses the full (gross) amount before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation.
- When a family member's wages or benefits are garnished, levied, or withheld to pay restitution, child support, tax debt, student loan debt, or other applicable debts, must use the gross amount of the income, prior to the reduction, to determine a family's annual income.
- The methodology used for calculating earned income differs depending on whether income is being calculated at initial occupancy, interim reexamination, or as part of an annual reexamination.

Income

Section 2.2: Earned Income

PROJECTING EMPLOYMENT INCOME

24 CFR 5.609(c)(1)

- At initial occupancy and for any interim reexamination of family income, the PHA is required to estimate the income of the family for the upcoming 12-month period. Income calculation for an annual reexamination differs and will be discussed in a later chapter.

Notice PIH 2023-27

- When paystubs are used to calculate employment income, HUD requires the PHA collect a minimum of two current and consecutive paystubs. Paystubs must be dated within 120 days of the date received by the PHA.
 - The PHA must adopt a policy on how many paystubs are required, which could require more than two.
 - Industry practice is to require paystubs covering a specific period of time (for example, all paystubs received within the last 60 days).
 - The PHA may also have a policy requiring a certain number of paystubs (four to six is common).
 - Regardless of what policy is adopted, the PHA must apply the policy consistently.
- Once paystubs are collected, HUD regulations do not address how employment income should be annualized (i.e., an average of paystubs, year-to-date, or another method)
- Industry practice is typically to annualize an average of paystubs.
 - To do this, the PHA calculates the total gross income for each pay period by adding together gross pay from all paystubs, dividing the total by the number of paystubs to calculate the average pay per pay period, and multiplying the average pay by the number of pay periods in that year (see example below).

Income

Section 2.2: Earned Income

- A less common method of annualization is to use year-to-date (YTD) information. This method can be complicated because the PHA would need to determine the specific period of time covered by the YTD information.
- Regardless of which method is used, in order to create consistency among files, PHAs should adopt one procedure for annualization that staff employs consistently across files, and files should be notated when another method is used.

EXAMPLE OF AVERAGING PAYSTUBS

- PHA policy calls for four pay stubs:
 - Paystub 1: \$725.80 for 5/1
 - Paystub 2: \$799.93 for 5/15
 - Paystub 3: \$730.48 for 6/1
 - Paystub 4: \$767.92 for 6/15
- What is the annual income?
 - $\$725.80 + \$799.93 + \$730.48 + \$767.92 = \$3,024.13$
 - $\$3,024.13 / 4 = \756.03
 - Pay is semimonthly (1st and the 15th)
 - $\$756.03 \times 24 = \$18,144.72$
 - Round to \$18,145

Income

Section 2.2: Earned Income

Learning Activity 2-2: Projecting Income at New Admission

Scenario: John O'Brien is a new admission effective 10/1. He works part-time in a bakery. He has no other income. PHA policy calls for four current and consecutive paystubs when calculating annual income at admission. You have collected the following information:

Dates	Gross Pay	Net Pay
07/31	\$580	\$495
08/15	\$572	\$489
08/31	\$582	\$497
09/15	\$580	\$495

Task: Calculate John's annual income and enter his income on Section 7 (7a through 7i) of the 50058.

7. Income

7a. Family member name	No.	7b. Income Code	7c. Calculation (PHA use)	7d. Dollars per year	7e. Income exclusions	7f. Income after exclusions (7d minus 7e)
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
7g. Column total						\$ 7g.
7h. Reserved						
7i. Total annual income: 6j + 7g						\$ 7i.

Income

Section 2.2: Earned Income

SEASONAL EMPLOYMENT

24 CFR 5.609 (b)(24)
24 CFR 5.603 (b)

- Some occupations regularly work less than 12 months per year. Family members may have temporary, variable, or seasonal schedules or may work sporadically throughout the year. Provided this income does not meet the definition of nonrecurring income, seasonal employment is included in annual income.
- Earnings of seasonal workers or day laborers are included in annual income, even if the source, date, or amount of the income varies. Income earned as a day laborer is not considered nonrecurring income.
- A *seasonal worker* is defined as 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. Income earned as a seasonal worker is not considered nonrecurring income.
 - Examples include employment limited to holidays or agricultural seasons.
 - Seasonal work may include employment as a lifeguard, ballpark vendor, or snowplow driver.
- A *day laborer* is defined as 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.

PROJECTING INCOME FROM SEASONAL EMPLOYMENT

- Annualizing income from seasonal employment at new admission or interim can be a challenge since it may not be possible to determine income for a 12-month period.

Income

Section 2.2: Earned Income

*PH Occ GB, Income
Determination, p. 23*

- The PHA should gather income from all sources over a specific time frame (e.g., all pay from a one-month or three-month period, depending on frequency), average the amount over that time frame, and annualize it over a full year.
- If it is not feasible to anticipate a level of income over a 12-month period or the PHA believes that past income is the best available indicator of expected future income, the PHA may annualize the income anticipated for a shorter period, subject to redetermination at the end of the shorter period.

EXAMPLE OF PROJECTING SEASONAL INCOME

Maggie Price is an applicant. She is currently a tile setter earning \$1,200/month. For the last 3 years, she worked this job for 8 months during the construction season. For the rest of the year (4 months) she worked part-time earning \$500 per month.

Based on her current paystubs and her tax information, the PHA performs the following calculation:

- $\$1,200 \times 8 \text{ months} = \$9,600$
- $+ \$500 \times 4 \text{ months} = \$2,000$
- $\$11,600 \text{ annually.}$

EXAMPLE 2: SEASONAL EMPLOYMENT

Derrick Jones is an applicant. He works as a house painter. He works from April through September. He does not work in rain or windstorms. He does not receive paystubs, but the PHA contacts his employer who verifies that over the last 3 years he works on average 30 hours per week and his current rate of pay is \$12 per hour.

- To calculate Derrick's income, the PHA uses the average number of regular hours over the past 3 years (30 hours) multiplied by his current regular pay rate (\$12).

Income

Section 2.2: Earned Income

SELF-EMPLOYMENT

24 CFR 5.609(b)(28)

- Annual income includes net income from the operation of a business or through self-employment.
 - Net income equals gross income less expenses.
- Families may treat as a business expense depreciation (straight-line), interest payments on loans, and all expenses other than those for expansion or capital improvements.

EXAMPLE

PH Occ GB, Income Determination, p. 14

A self-employed house painter owns a truck he uses for his business as well as several ladders, buckets, and spray paint guns. He also purchases paint rollers and hand brushes each time he is hired to do a job.

- The painter may deduct as business expenses the depreciation on his truck and ladders (capital equipment) as well as the cost of the paint, paint thinner, disposable rollers and paint brushes he purchases throughout the year (business expenses).

24 CFR 5.609(b)(28)(ii)

- Any withdrawal of cash or assets from a business is included as income except when the withdrawal is for reimbursement of amounts the family has invested in the business.

EXAMPLE

Donna Edwards is starting a new business as a dog walker. She is using \$500 of her own money to purchase leashes, dog treats, to print fliers, and to advertise.

After several months in business, Donna withdraws \$500 from the business's checking account as a reimbursement of her initial investment.

- The \$500 is not considered income as it is a reimbursement of her own investment.

Income

Section 2.2: Earned Income

*PH Occ GB, Income
Determination, p. 14*

- If the net income from a business is negative, no business income will be included in annual income; a negative amount will not be used to offset other family income.

EXAMPLE

Martin West is the head of household. He earns \$35,000 in wages. His spouse Amanda is self-employed and has negative business income of \$1,500.

- The family's annual income is \$35,000.
- Amanda's business loss of -\$1,500 does not offset Martin's wages.

24 CFR 5.609(b)(24)

- Income received as an independent contractor is included in annual income, even if the source, date, or amount of the income varies. Independent contractors are considered self-employed, and the net income is included in annual income.

24 CFR 5.603(b)

- An *independent contractor* is defined as 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.

Income

Section 2.2: Earned Income

- This includes “gig” workers such as contractors who work for companies such as Uber and Lyft. These employees may work varying amounts from week-to-week, which can present a challenge for the PHA when calculating income. For individuals working for rideshare companies, the PHA may request a summary of payments.

EXAMPLE

Belinda Baker drives for Uber. When she pays her taxes, she files a 1099.

- She is considered self-employed. Whether she works full-time or part-time, her net income is included in annual income, even if her hours and pay vary.

MILITARY PAY

- Count all regular pay, special pay, and allowances of a member of the armed forces (whether temporarily absent or not).
- Exclude the special pay for exposure to hostile fire.

24 CFR 5.609(b)(11)

EARNED INCOME DISALLOWANCE

24 CFR 5.617(e) and (f)

- HOTMA removed the statutory authority for the EID.
- The EID is available only to families that are eligible for and participating in the program before January 1, 2024 (the effective date of the HOTMA final rule); no new families qualified on or after January 1, 2024.
- If a family was receiving the EID prior to January 1, 2024, they are entitled to the full amount of the benefit under the current regulations for a full 24 months.
- The EID will fully sunset on January 1, 2026.

Income

Section 2.2: Earned Income

EXAMPLE: EARNED INCOME DISALLOWANCE

Brad Green got a new job on 11/12/23 and qualified for the EID.

- Per PHA policy, the PHA started his EID clock on 12/1/23.
- Brad is entitled to the full 24 months of EID.
- His EID ends 12/1/25.

EID BASICS

- The HCV version of the earned income disallowance (EID) is similar to the public housing version with the exception that under HCV, the disallowance applies only to persons with disabilities. In public housing there is no such restriction.

CALCULATING THE EID

- Determine the total annual income of the EID-qualified person prior to the qualifying change, including all earned and unearned income in this calculation.
- Calculate the annual income of the EID-qualified person after the qualifying change.
- Any increase attributable to employment is the incremental increase to be excluded

CALCULATION OF THE DISALLOWANCE

- Initial 12-Month Full Exclusion
 - Begins on the date the qualified family member:
 - Is employed; or
 - First experiences an increase in income due to employment

Income

Section 2.2: Earned Income

- For administrative purposes, HUD has stated to begin EID on the first of the month following the qualifying change.
- The full amount of increase is excluded, and the exclusion extends for a total of 12 consecutive months, regardless of breaks in employment.
- Second 12-Month Exclusion and Phase-In
 - Begins after 12 months have elapsed and lasts for 12 consecutive months.
 - The exclusion may be reduced to at least 50 percent of the increase in income due to employment.
 - PHA policy may call for excluding a higher percentage, up to 100 percent.
 - This means that PHA policy could be to exclude 100 percent of the income increase for 24 consecutive months.
- Lifetime Maximum Disallowance
 - No exclusion may be given after the 24-month period has elapsed, regardless of the number of months in which the family member actually received the disallowance.

Section 2.3 Income of Students

EDUCATIONAL SAVINGS ACCOUNTS

24 CFR 5.609(b)(10)

- Any amount in or from, or any benefits, income, or distributions from, any Coverdell educational savings account of or any qualified tuition program under IRS sections 529 and 530 is excluded from income.

STUDENT LOANS

24 CFR 5.609(b)(20)

- Student loans are excluded from annual income since the regulations exclude 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).

STUDENT FINANCIAL ASSISTANCE

FR Notice 2/14/2023

- Section 479B of the HEA requires that all assistance under Title IV of the HEA and Bureau of Indian Affairs student financial assistance, even assistance provided to students in excess of tuition and required fees or charges, be excluded from HUD income calculations.
- The treatment of student financial assistance depends on the HUD program, student/household characteristics, and the type of financial assistance received by the student.
 - For public housing residents, all income received under Title IV of the HEA must be excluded from income. Other student financial assistance may be included depending on the student's actual covered costs.

Income

Section 2.3: Income of Students

- For Section 8 programs, including HCV, however, for over 10 years HUD appropriations have included a provision that for Section 8 students who are age 23 and under and without dependent children, any amounts received in excess of tuition and any other required fees and charges must be considered income. Under HOTMA, HUD has interpreted this limitation to apply when the student is the head of household or spouse, but not when the student resides with their parents.
- For any funds from a year where HUD's appropriations continue to include this Section 8 student financial assistance limitation, if the student does not reside with their parents is the head of household, cohead, or spouse and is under the age of 23 or without dependent children, then both the assistance received under Title Iv HEA and other student financial assistance received by the student is included as income to the extent that it exceeds the total of tuition and any other required fees and charges.
- In contrast, student financial assistance received by a Section 8 student who is the head of household, spouse, or co-head and is over the age of 23 with dependent children or a student who resides with their parents in a Section 8 unit is governed by theHOTMA student rule, which is described below.
- During years in which an appropriations act does not contain this Section 8 student financial assistance limitation (or any other such limitation), then the determination of student financial assistance for all Section 8 students defaults to the methodology for public housing.

Section 2.3: Income of Students

STUDENT FINANCIAL ASSISTANCE UNDER HOTMA

24 CFR 5.609(b)(9)

- The regulations distinguish between two categories of student financial assistance paid to both full-time and part-time students.
- Title IV HEA assistance: Any assistance to students under section 479B of the Higher Education Act of 1965 (Title IV of the HEA) must be excluded from the family's annual income.
- Examples of assistance under Title IV of the HEA include:
 - Pell grants
 - Teach grants
 - Federal Work-Study programs
 - Federal Perkins Loans
 - Income earned in employment and training programs under Section 134 of the Workforce Innovation and Opportunity Act (WIOA) (starting 1/1/24)
 - Bureau of Indian Affairs/Education student assistance programs
 - The Higher Education Tribal Grant
 - The Tribally Controlled Colleges or Universities Grant program
 - Note: Income received under the GI Bill is not Title IV financial aid
- **Other student financial assistance:** Any other grant-in-aid, scholarship, or other assistance amounts an individual receives for the actual covered costs charged by the institute of higher education not otherwise excluded by the federally mandated income exclusions are excluded.
- *Actual covered costs* are defined as the actual costs of:

Income

Section 2.3: Income of Students

- 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 the education institution.
- For a student who is not the head of household or spouse/cohead, actual covered costs also include the reasonable and actual costs of housing while attending the institution of higher education and not residing in an assisted unit.
- The educational institution must meet the definition of an institution of higher education (as defined under section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002)).
- To qualify, other student financial assistance must be expressly:
 - For tuition, book, supplies, room and board, or other fees required and charged to the student by the education institution;
 - To assist a student with the costs of higher education; or
 - 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.
- The student financial assistance may be paid directly to the student or to the educational institution on the student's behalf. However, any student financial assistance paid to the student must be verified by the PHA.
- The financial assistance must be a grant or scholarship received from:
 - The federal government;
 - A state, tribal, or local government;

Income

Section 2.3: Income of Students

- A private foundation registered as a nonprofit;
- A business entity (such as corporation, general partnership, limited liability company, limited partnership, joint venture, business trust, public benefit corporation, or nonprofit entity); or
- An institution of higher education.
- Student financial assistance, does not include:
 - Financial support provided to the student in the form of a fee for services performed;
 - Gifts, including gifts from family or friends; or
 - Any amount of the scholarship or grant that, either by itself or in combination with assistance excluded under the HEA, exceeds the actual covered costs of the student.
- When the student is receiving assistance that is excluded under both categories, the Title IV HEA Assistance must be applied first. Student financial assistance is then applied to any remaining actual covered costs. Once actual costs are covered, any remaining student financial assistance would be considered income.

EXAMPLE 1: HEA ASSISTANCE ONLY

If a student only receives financial assistance under Title IV of the HEA and does not receive any other student financial assistance, exclude the full amount of the assistance received under Title IV of the HEA.

- Student received \$10,000 annually from a Pell Grant (which is assistance under Title IV of the HEA).
- The PHA excludes all \$10,000 since this is assistance under Title IV of the HEA.

Income

Section 2.3: Income of Students

EXAMPLE 2: OTHER ASSISTANCE ONLY

If the student does not receive any assistance under Title IV of the HEA but does receive financial assistance from another source:

- Calculate actual covered costs.
- Subtract the total amount of the student's financial assistance from the student's actual covered costs.
- Include any amount of financial assistance in excess of the student's actual covered costs.

- Actual covered costs: \$20,000
- Title IV HEA assistance: \$0
- Other student financial assistance: \$25,000
- \$25,000 in financial assistance - \$20,000 in actual covered costs
- Include in income: \$5,000

Income

Section 2.3: Income of Students

EXAMPLE 3: BOTH

When a student receives assistance from both Title IV of the HEA and from other sources:

- Calculate the actual covered costs.
- Assistance received under Title IV of the HEA is applied to the student's actual covered costs first.
- Then apply the other student financial assistance to any remaining actual covered costs:

- If the amount of assistance excluded under Title IV of the HEA equals or exceeds the actual covered costs, none of the student financial assistance is excluded from income.

- Actual covered costs: \$25,000
- Title IV HEA assistance: \$26,000
- Other student financial assistance: \$5,000
- Exclude the entire Title IV HEA assistance.
- Include in income: \$5,000 of other financial assistance

- If the amount of assistance excluded under Title IV of the HEA is less than the actual covered costs, exclude the amount of other student financial assistance up to the amount of the remaining actual covered costs.

- Actual covered costs: \$18,000
- Title IV HEA assistance: \$15,000
- \$18,000 actual covered costs - \$15,000 Title IV HEA assistance = \$3,000 remaining
- Other student financial assistance: \$5,000
- \$5,000 other financial assistance - \$3,000 remaining
- Include in income: \$2,000

- Actual covered costs: \$22,000
- Title IV HEA assistance: \$15,000
- \$22,000 actual covered costs - \$15,000 Title IV HEA assistance = \$7,000 remaining
- Other student financial assistance: \$5,000
- \$5,000 other financial assistance - \$7,000 remaining
- Include in income: \$0

Income

Section 2.3: Income of Students

- If the student does not live with their parents and is the head of household, cohead, or spouse and is 23 or younger or does not have dependent children, then Title IV HEA assistance will be considered when determining the student's total financial assistance to be include in annual income.
 - The PHA may use notice PIH 2015-21 as a guide to determine the total amount of the student's tuition plus required fees and charges.
- The PHA will subtract the total tuition plus required fees and charges from the total student financial assistance.
 - If the result is zero or exceeds the amount of total financial assistance from all sources, then no student financial assistance will be included in annual income.
 - Any amount of student financial assistance that exceeds the total tuition plus required fees and charges will be included in annual income.

EXAMPLE 1

- Tuition and required fees and charges: \$20,000
- Title IV HEA assistance: \$10,000
- Other student financial assistance: \$15,000
- Total student financial assistance: $\$10,000 + \$15,000 = \$25,000$
- Included income: $\$25,000$ in financial assistance - $\$20,000$ tuition and required fees = $\$5,000$

Section 2.4 Periodic Payments and Nonrecurring Income

PERIODIC PAYMENTS

- *Periodic payments* are forms of income received on a regular, periodic basis.
- HUD regulations specify which periodic payments are not included in annual income but do not specify which types of periodic payments are included.
 - In general, periodic payments to be included in income include payments from Social Security, annuities, insurance policies, retirement funds, pensions, lotteries, disability benefits, and other similar types of periodic receipts and withdrawals from investments as income.
 - Withdrawals from ABLE accounts (i.e., tax-advantaged savings accounts under the Achieving Better Life Experience Act) are an exception and are excluded from income.
 - Unemployment benefits are not considered nonrecurring and are included in annual income as periodic payments.

Notice PIH 2019-09

LUMP-SUM PAYMENTS COUNTED AS INCOME

24 CFR 5.609(a)

- Generally, lump sums received by the family such as lottery or contest winnings are not considered income since they are nonrecurring income.
- However, lump-sum payments caused by delays in processing periodic payments (such as unemployment or welfare assistance benefits) are included as income since they are not explicitly excluded under the regulations.

Income

Section 2.4: Periodic Payments and Nonrecurring Income

EXAMPLE: LUMP SUMS AS INCOME

Beverly Boone is head of household. She lost her job on October 19 and applies for unemployment benefits. She received a lump-sum payment of \$900 on December 6 to cover the period from 10/20 to 12/5 and begins to receive \$200 a week effective 12/6.

- The lump sum for the delayed start of her unemployment benefits is included in annual income as well as her weekly unemployment benefit amount.

24 CFR 5.609(b)(16)

- However, deferred periodic amounts (whether received as a lump sum or prospective monthly payments) from the following sources are excluded:
 - Social Security and Supplemental Security Income (SSI)
 - Department of Veterans Affairs (VA) disability benefits

EXAMPLE: PERIODIC PAYMENTS FROM RETIREMENT ACCOUNTS

Amanda Martinez applied for SSI two years ago. When it was awarded, she received a one-time lump-sum payment for the delayed start of \$8,000. She also started receiving gross monthly SSI payments of \$500.

- The PHA includes the gross monthly SSI payment as income but excludes the full amount of the lump sum from her income.

Income

Section 2.4: Periodic Payments and Nonrecurring Income

SOCIAL SECURITY

*PH Occ GB, Income
Determination, pp. 38-39*

- Include the gross amount of Social Security prior to the Medicare deduction.
- The monthly Medicare premium may be deducted as a health and medical care expense for qualifying families.

EXAMPLE: SOCIAL SECURITY INCOME

Brian Bruce (age 68) is the head of household. His gross SS payment is \$800 per month, however \$174.70 is subtracted each month for his Medicare premium.

- Include the gross amount of Brian's SS payment prior to the Medicare deduction ($\$800 \times 12 = \$9,600$).
- If a Social Security recipient's benefits are reduced to make up for prior overpayments, the recipient's income should include the amount the Social Security agency will provide, not the amount that would have been provided if no error were made.
 - Applies to other similar benefits as well as SS.
- If a recipient's Social Security income is reduced because of an IRS garnishment, or other similar garnishment, use the gross amount to calculate income.

EXAMPLE: SS REDUCTION

A family member received \$1,200 per month for the past 6 months in SS income.

SSA notifies the individual that they should have received only \$1,100 per month.

SSA adjusted their monthly payment to recoup overpayment. They will now receive \$1,000 per month for the next 6 months and will then receive their regular payment of \$1,100 per month after that.

- For the next 6 months, use the lower amount
 $\$1,000 \times 12 = \$12,000$
- Once the reduction ends, use the gross amount
 $\$1,100 \times 12 = \$13,200$

Section 2.4: Periodic Payments and Nonrecurring Income

RETIREMENT ACCOUNTS

24 CFR 5.609(b)(26)

- Any distribution of periodic payments received from any account under a retirement plan recognized as such by the IRS, including individual retirement arrangements (IRAs), employer retirement plans, and retirement plans for self-employed individuals is included in annual income at the time it is received by the family.

ALIMONY AND CHILD SUPPORT

Notice PIH 2023-27

- Annual income includes “all amounts received,” not the amount that a family may be legally entitled to receive but which they do not receive.
 - For example, a family’s child support or alimony income must be based on payments received, not the amounts to which the family is entitled by court or agency orders.

24 CFR 5.609(a)

- Include periodic and determinable amounts such as alimony and child support since they are not specifically excluded under the regulation.

PH Occ GB, Income Determination, p. 16

- HUD strongly encourages PHAs to determine in their policies what documentation is required to show what the family receives.
 - For example, if the household has filed with the local support enforcement agency, printouts from the agency may indicate the frequency and amount of payments actually received.

HUD Handbook 4350.3

- Child support paid to the custodial parent through a state child support enforcement or welfare agency may be included in the family’s monthly welfare check and may be designated in different ways. In some states, these payments are not identified as separate from the welfare grant. In these states, it is important to determine which portion is child support and not to count it twice. In other states, the payment may be listed as child support or as “pass-through” payments. These amounts are counted as income.

Income

Section 2.4: Periodic Payments and Nonrecurring Income

- When no documentation of child support, divorce, or separation is available, the PHA may require the family to sign a certification stating the amount of child support received.

NONRECURRING INCOME

- Income that has a discrete end date and will not be repeated beyond the coming year during the family's upcoming annual reexamination period is excluded from annual income as nonrecurring.

EXAMPLE: NONRECURRING INCOME

- The Watts family is a new admission. They receive income from a guaranteed income program in their city. The payments will end 6 months after the family is admitted to the program.
- While the guaranteed income will be repeated in the coming year, it will end before the family's next annual.
- The income is fully excluded.

EXAMPLE: REGULAR INCOME

- In February 2024, the PHA is conducting Lillian Gonzalez's annual reexam. It is effective 5/1/24. She reports she receives monthly payments for participation in a research project that is expected to last for 18 months and will end on 9/30/25.
- The PHA includes this as income because the amounts will be received through the next annual effective 5/1/25.
- For the 5/1/25 annual reexam, Lillian provides a letter stating that the income will end on 9/30/25.
- The PHA will exclude the income received after the 5/1/25 annual reexamination.

Income

Section 2.4: Periodic Payments and Nonrecurring Income

- Any workers' compensation is always excluded from annual income, regardless of the frequency or length of the payments.

EXAMPLE: WORKERS' COMP

- Heather Cooper is a program participant. She was injured in a work accident. At her 3/1 annual reexam she states she is receiving worker's compensation equal to her salary paid in biweekly installments for a period of 18 months. The payments are excluded.

- PHAs may accept a self-certification from the family stating that the income will not be repeated in the coming year.

Notice PIH 2023-27

- Income excluded as nonrecurring includes:
 - Nonrecurring payments made to the family or to a third-party on behalf of the family to assist with utilities;
 - Payments for eviction prevention;
 - Security deposits to secure housing;
 - Payments for participation in research studies (depending on the duration); and
 - General one-time payments received by or on behalf of the family.

24 CFR 5.609(b)(24)

- Nonrecurring income includes:
 - U.S. Census Bureau for employment income (relating to decennial census or the American Community Survey) lasting no longer than 180 days and not resulting in permanent employment.
 - Direct federal or state payments for economic stimulus or recovery.
 - Amounts received directly by the family as a result of state or federal refundable tax credits or state or federal tax refunds at the time they are received.
 - Gifts for significant life events or milestones (e.g., holidays, birthdays, wedding gifts, baby showers, anniversaries).

Income

Section 2.4: Periodic Payments and Nonrecurring Income

- Nonmonetary, in-kind donations, such as food, clothing, or toiletries, received from a food bank or similar organization.
- Lump-sum additions to net family assets, including but not limited to lottery or other contest winnings.

EXAMPLE 1: LUMP SUMS

- Trevor Lucky bought 10 lottery tickets and discovered that one of the tickets won \$1,000. Trevor reported his winnings as part of an interim reexamination. The PHA determined that the lottery winnings are a one-time, lump-sum addition to net family assets and should not be included in the annual income calculation.

EXAMPLE 2: LUMP SUMS

- Logan fund raises \$5,000 online to help pay for personal expenses (e.g., “Go Fund Me”). The PHA verified with Logan that this was a one-time solicitation for donations of cash and that Logan does not intend for this to be a recurring source of income. The \$5,000 is a one-time, lump-sum addition to net family assets and should not be included in the annual income calculation.
- At his next annual reexamination, the PHA determines that Logan solicited for donations online a second time and raised an additional \$4,500. Again, Logan certified that he does not intend for this to be a recurring source of income, but, because the PHA can establish a pattern, the \$4,500 is not considered a lump-sum addition to net family assets and should be included in the annual income calculation.

- Nonmonetary in-kind donations, such as food or toiletries, received from a food bank or similar organization are excluded from annual income.
- When calculating annual income, PHAs are prohibited from assigning monetary value to nonmonetary in-kind donations received by the family.

Income

Section 2.4: Periodic Payments and Nonrecurring Income

- Nonrecurring, nonmonetary in-kind donations from friends and family may be excluded as nonrecurring income.
- The exclusion of non-monetary in-kind donations applies only to donations from a food bank or similar organization, not from family members outside of the household.
- The PHA includes regular contributions (cash or noncash) provided on a regular basis.
 - May include rent and utility payments paid on behalf of the family.
- Nonrecurring payments made to the family or to a third-party on behalf of the family to assist with utilities are excluded from annual income.
 - The PHA may accept a self-certification from the family stating that the income will not be repeated in the coming year.
 - However, if a family repeatedly says that a payment is nonrecurring, but the PHA can establish a pattern of the payments actually recurring year after year, the PHA would no longer considered the payments nonrecurring.

EXAMPLE 1

- Jonas Crandall receives a basket weekly from the local food bank that includes both food and toiletries. Because this is an in-kind donation from the local food bank, the PHA must not include the basket items in the calculation of annual income.

EXAMPLE 2

- Holly Hawes (age 22) lives alone. Her father does not live in her unit. On average, he gives her \$100 each month to pay her utility bills. Holly self-certifies that he has been paying her utility bills for the last two year and will continue to pay them for the upcoming year. The \$100 per month is included as income.

Section 2.4: Periodic Payments and Nonrecurring Income

EXAMPLE 3

- Martha Allen (age 37) is a program participant. She receives a bag of groceries every Friday from her mother who does not live with her. She has been receiving this for the last year. She certifies she will continue to receive them. The value of the groceries donated by a family member who lives outside of the household on a recurring basis is included income.

EXAMPLE 4

- John Martin (age 42) lives alone. He states he is zero income. However, John is responsible for the electric bill for his unit. The PHA asks him how he pays the bill. He says his mother (who does not live in the unit) pays the bill, but she will only be paying it for the next 6 months and then John is uncertain how he will pay his electric bill. He signs a self-certification with this information. The PHA is to exclude the payment of the utility bill as non-recurring income.

ZERO INCOME FAMILIES

Notice PIH 2023-27

- PHAs may accept a self-certification of zero income from the family at admission and reexamination without taking any additional steps to verify zero reported income. HUD does not require they be notarized.
- PHAs may, but are not required to, establish reasonable procedures to manage the risk of unreported income, such as asking families to complete a zero-income worksheet.
- PHAs may only conduct interims in accordance with the regulations and PHA policies. Families who begin receiving income which does not trigger an interim should not be considered zero income even though the family's income is not reflected on 50058.

Section 2.4: Periodic Payments and Nonrecurring Income

Learning Activity 2-3: Periodic Payments and Non-recurring Income

Task: Indicate how much income is included in annual income for the following types of families

Scenario 1: Stan Marshall (age 63) is head of household. He collects \$900 per month in Social Security, although \$178 is taken out for the Medicare premium. His daughter Wendy (age 32) and his grandson Eric (age 3) live with him. Wendy is entitled to collect \$300 per month in child support for her son Eric. However, the PHA verifies that she only collects an average of \$150 per month. This is her only source of income. What is the family's annual income?

Scenario 2: Paul Frink (age 42) is head household. He was recently injured on the job. At his 3/1 annual, he states he collects \$1,500 per month workers' compensation. This will last for six months after the effective date of his annual. He also states that he receives food from a local food pantry every Friday. What is his annual income?

Scenario 3: Wayland Burns (age 39) is head of household. He claims that he is zero income. When the PHA asks how he pays his expenses, he says he won the lottery last year and received a \$10,000 lump sum. He is living off the money. What is his annual income?

Scenario 4: Edna Kerr (age 63) and her husband Seymour (age 64) both receive Social Security benefits. She receives \$900 per month, but she was just informed the SSA overpaid her benefits for the last two years so she will only be receiving \$800 a month for the next year. Seymour's gross benefit amount is \$1,000 but he has \$200 per month taken out for a garnishment for back child support. What is their income?

Income

Section 2.4: Periodic Payments and Nonrecurring Income

PUBLIC ASSISTANCE

- Since the following public assistance is not specifically excluded under the regulation, it is included as income:
 - Temporary Assistance to Needy Families (TANF)
 - SSI
 - General Assistance/General Relief

PUBLIC ASSISTANCE INCOME IN AS-PAID LOCALITIES (“WELFARE RENT”)

- The income regulations at 24 CFR 5.609 no longer include a reference to welfare assistance in as-paid states.
- An “as-paid” system is one in which the welfare assistance payment includes a specifically designated amount for shelter and utilities that is subject to adjustment based upon the actual cost of shelter and utilities.
- In an email dated 7/6/23, HUD’s HOTMAquestions@HUD.gov stated: *The regulations at 5.609(b), which define what is not considered income under the final rule, do not include the exclusions to the welfare assistance payment or instructions that were previously codified at 5.609(b)(6). Therefore, all PHAs will include the monthly amount the family receives in TANF assistance in the determination of annual income.*
- However, the definition of TTP at 24 CFR 5.628 still includes a reference to the welfare rent. Additional guidance from HUD is needed on this topic.

Section 2.4: Periodic Payments and Nonrecurring Income

IMPUTED WELFARE INCOME

24 CFR 5.615

- Families who receive welfare benefits from a welfare agency may be required under a federal, state, or local law to participate in an economic self-sufficiency program as a condition of assistance.
- The welfare agency may reduce welfare benefit payments to sanction a family for noncompliance with welfare economic self-sufficiency requirements.
- The PHA may not reduce the family rent contribution due to sanctions imposed by the welfare agency for noncompliance with welfare self-sufficiency requirements, or because of fraud relating to the welfare program.
- The family's income must include the amount of welfare benefits that would have been paid to the family if sanctions had not been imposed.

24 CFR 5.615

- A “specified welfare benefit reduction” is:
 - A reduction in welfare benefits due to:
 - Fraud in connection with the welfare program
 - Sanction for noncompliance with the welfare agency requirement to participate in an economic self-sufficiency program
 - Not applicable if:
 - The welfare reduction is a result of the expiration of a lifetime limit, or other time limit, on receiving benefits
 - The family has complied with requirements but cannot find a job
 - The sanction is due to family noncompliance with other welfare agency requirements

Income

Section 2.4: Periodic Payments and Nonrecurring Income

24 CFR 5.615 (c)(2)

- At the request of the PHA, the welfare agency will inform the PHA of:
 - The amount and term of the specified welfare benefit reduction for the family
 - The reason for the reduction
 - Subsequent changes in the term or amount of the reduction
- The PHA will use the information provided by the welfare agency to determine the amount of imputed welfare income for the family.

24 CFR 5.615

- The amount of annual income not actually received by a family as a result of a specified welfare benefit reduction, which is included in the family's annual income for purposes of determining rent.
 - Based on information provided by the welfare agency
- Used during the term of welfare benefits reduction.
- Offset by the amount of additional income the family receives that starts after the sanction is imposed.
 - When such additional income equals or exceeds the imputed amount, imputed welfare income is reduced to zero.

IMPUTED WELFARE INCOME EXAMPLE 1

A family is receiving \$600/mo. TANF benefits.

Benefits stop due to welfare fraud.

Imputed welfare income = \$600

The head begins working, earning \$300/mo.

Employment income = \$300

Imputed welfare income = \$300

Total 50058 monthly income = \$600

Income

Section 2.4: Periodic Payments and Nonrecurring Income

IMPUTED WELFARE INCOME EXAMPLE 2

A family is receiving \$600/mo. TANF benefits.

Benefits are reduced to \$200 due to fraud.

TANF income = \$200

Imputed welfare income = \$400

The head begins working, earning \$300/mo.

TANF income = \$200

Employment income = \$300

Imputed welfare income?

\$400 – \$300 = \$100

Total 50058 monthly income = \$600

IMPUTED WELFARE INCOME EXAMPLE 3

A family is receiving \$600/mo. TANF benefits.

Benefits stop due to failing to participate in required economic self-sufficiency program.

Imputed welfare income = \$600

The head begins working, earning \$800/mo.

Employment income = \$800

Imputed welfare income? = \$0

- NOTE: The PHA may not include imputed welfare income in annual income if the family was not assisted at the time of the sanction.

Income

Section 2.4: Periodic Payments and Nonrecurring Income

24 CFR 5.615(d)

- A participant in the HCV tenant-based assistance program may request an informal hearing to review the PHA determination of the amount of imputed welfare income.
- If the family claims that the imputed welfare income has not been correctly calculated, but the PHA denies the family's request to modify the imputed welfare income amount, the PHA must give the family written notice of such denial, explaining the basis for the PHA determined amount of imputed welfare income.
- The PHA notice must state that if the family disagrees with the PHA determination, the family may request an informal hearing on the determination.

Section 2.4: Periodic Payments and Nonrecurring Income

Learning Activity 2-4: Imputed Welfare Income

- Betty Childs and her three children currently receive TANF benefits. They do not have any other source of income. The welfare agency has notified you that Ms. Childs' benefits are being reduced because of fraud. Ms. Childs' regular TANF amount is \$650 per month. Her TANF is being reduced to \$450 per month, and the reduction is expected to last for the next 12 months. She continues to receive the reduced TANF benefits of \$450 each month.
- Using section 7 of the 50058s on the following pages, calculate the Childs family's total annual income (lines 7a through 7i) using the scenarios below.
 - **Scenario 1:** Calculate the imputed welfare income and total income for the family.

Scenario 1 Calculations

7. Income

7a. Family Member Name	No.	7b. Income Code	7c. Calculation (PHA use)	7d. Dollars per year	7e. Income exclusions	7f. Income after exclusions (7d minus 7e)
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
7g. Column total						\$ 7g.
7h. Reserved						
7i. Total annual income: 6k + 7g						7i.
Over-Income Status (Public Housing Only)						
7j. What is the applicable over-income limit for families of this size?						\$ 7j.
7k. Is the family's annual income greater than the over-income limit? <input type="checkbox"/> Y <input type="checkbox"/> N						7k.
7l. If the family is over-income, note the start date of the 24 consecutive month grace period						7l.

Scenario 2 Calculations

- **Scenario 2:** It is three months later, Ms. Childs now begins to receive \$150 per month in alimony. She continues to receive the \$450 per month in TANF. The welfare sanction reducing her TANF benefits from \$650 a month to \$450 a month is still in place. Calculate the imputed welfare income and total annual income on part 7 of the form HUD-50058.

7. Income

7a. Family Member Name	No.	7b. Income Code	7c. Calculation (PHA use)	7d. Dollars per year	7e. Income exclusions	7f. Income after exclusions (7d minus 7e)
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
7g. Column total						\$ 7g.
7h. Reserved						
7i. Total annual income: 6k + 7g						7i.
Over-Income Status (Public Housing Only)						
7j. What is the applicable over-income limit for families of this size?						\$ 7j.
7k. Is the family's annual income greater than the over-income limit? <input type="checkbox"/> Y <input type="checkbox"/> N						7k.
7l. If the family is over-income, note the start date of the 24 consecutive month grace period						7l.

Scenario 3 Calculations

- **Scenario 3:** It is now six months later. Ms. Childs has a new job at which she earns \$500 monthly. She continues to receive the \$150 a month in alimony. The welfare sanction reducing her TANF benefits from \$650 a month to \$450 a month is still in place. Calculate the imputed welfare and total annual income on part 7 of the form HUD-50058.

7. Income

7a. Family Member Name	No.	7b. Income Code	7c. Calculation (PHA use)	7d. Dollars per year	7e. Income exclusions	7f. Income after exclusions (7d minus 7e)
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
7g. Column total						\$ 7g.
7h. Reserved						
7i. Total annual income: 6k + 7g						7i.
Over-Income Status (Public Housing Only)						
7j. What is the applicable over-income limit for families of this size?						\$ 7j.
7k. Is the family's annual income greater than the over-income limit? <input type="checkbox"/> Y <input type="checkbox"/> N						7k.
7l. If the family is over-income, note the start date of the 24 consecutive month grace period						7l.

Section 2.5 Other Types of Income

HEALTH AND MEDICAL CARE REIMBURSEMENTS

24 CFR 5.609(b)(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 are excluded.

AID AND ATTENDANCE FOR VETERANS

24 CFR 5.609(b)(17)

- Exclude payments related to aid and attendance to veterans in need to regular aid and attendance (38 USC 1521).
 - Certain veterans are eligible for “aid and attendance” payments from the VA. These payments are distinct from payments made to veterans under other VA programs, including the Veterans Pension program. PHAs should carefully review any income documentation provided by the family because many types of VA income, including the Veterans Pension and the VA Survivors Pension, are included in annual income.

HOME-BASED CARE PAYMENTS FOR A FAMILY MEMBER WITH DISABILITIES

24 CFR 5.609(b)(19)

- Exclude 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.
 - Federal Medicaid rules allow states to cover a wide range of institutional and home and community-based long-term services and supports (LTSS), but the type of services, populations covered, and delivery models differ substantially across states based on their individual Medicaid program structure. Many states provide benefits to individuals with a variety of disabilities, which allow such individuals to remain at home rather than reside in institutional settings such as hospitals, nursing homes, or other institutional or segregated settings.

Income

Section 2.5: Other Types of Income

- The previous requirement that these payments offset the cost of services or equipment has been eliminated.
- The exclusion applies to any family member with a disability, not just a developmental disability as in previous versions of the regulation.
- 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.
 - For example, an adult providing personal care services for a parent or other family member with a disability could receive direct payments from the state agency for performing those services. Amounts paid directly to a member of the assisted family by the state Medicaid agency (including through a managed care entity) or other state or federal agency (or other entities authorized by the agencies to make such payments) to enable a family member who has a disability who wishes to remain living in the assisted unit, under the applicable terms and conditions for the family member to be eligible for such payments, are excluded from the family's income.
 - This income exclusion applies only to payments to the family member for caregiving services for another member of the family residing in the assisted unit. For example, payments to the family member for caregiving services for someone who is not a member of the assisted family (such as for a relative that resides elsewhere) are not excluded from income.

Income

Section 2.5: Other Types of Income

- If the agency was making payments for caregiving services to the family member for not only another member of the assisted family but also for a person outside of the assisted family, only the payments attributable to the caregiving services for the caregiver's assisted family member would be excluded from income.

EXAMPLE: HOME-BASED CARE PAYMENTS

Sally lives in a unit with her mother Barbara who is disabled and needs care services. Barbara wishes to remain in the unit. Sally is providing care services for her mom and gets direct payments from the state Medicaid agency.

- Amounts paid directly to Sally by the state Medicaid agency to care for Barbara are excluded.

CIVIL ACTION SETTLEMENTS

24 CFR 5.609(b)(7)

- Exclude 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, which resulted in a member of the family becoming disabled.

BABY BOND ACCOUNTS

- Income earned by government contributions to, and distributions from, "baby bond" accounts created, authorized, or funded by federal, state, or local government are excluded.
 - While there is currently no federal baby bond program, many states and cities have such programs.

PLAN FOR ACHIEVING SELF-SUFFICIENCY (PASS)

24 CFR 5.609(b)(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).

Section 2.5: Other Types of Income

PUBLICLY ASSISTED PROGRAMS

24 CFR 5.609(b)(12)(ii)

- Exclude amounts received by a in publicly assisted programs which are specifically for reimbursement of out-of-pocket expenses incurred and are made solely to allow participation in a specific program.
 - Clothing
 - Special equipment
 - Transportation
 - Child care, etc.

RESIDENT SERVICE STIPENDS

24 CFR 5.609(b)(12)(iii)

- *Resident services stipends* are generally modest amounts of money received by residents for performing services such as hall monitoring, fire patrol, lawn maintenance, and resident management that enhance the quality of life in the development.
- Exclude amounts received under a resident service stipend provided they do not exceed \$200 per month.
 - If the individual receives an amount that exceeds \$200 per month, the PHA must include the entire amount in annual income.
 - The individual cannot receive more than one such stipend at a time.

TRAINING PROGRAMS

24 CFR 5.609(b)(12)(iv)

- Exclude incremental earnings and benefits from training programs funded by HUD or 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.
 - *Incremental earnings* means the increase between the total amount of welfare and earnings of a family member prior to enrollment in the training program, and welfare and earnings of the family member after enrollment in the training program.

Income

Section 2.5: Other Types of Income

- Excluded amounts must be received under employment training programs with clearly defined goals and objectives and only excluded during participation in the program unless the amounts are excluded as federal financial aid under 24 CFR 5.609(b)(12)(iv)).

EXAMPLE: TRAINING PROGRAM INCOME	
Horatio Smith receives \$600 per month in TANF. He then enrolls in a qualified state employment training program and receives \$750 per month in training income. His TANF benefits stop.	
1. What income is counted?	\$600
2. How long will the income be excluded?	While he is in the program

REPARATION PAYMENTS*24 CFR 5.609(b)(13)*

- Payments received from a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era are excluded.

REFUNDS AND REBATES FOR PROPERTY TAXES*24 CFR 5.609(b)(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 are excluded.

ADOPTION ASSISTANCE PAYMENTS*24 CFR 5.609(b)(15)*

- Adoption assistance payments for a child in excess of the amount of the dependent deduction, specified in 24 CFR 5.611, are excluded.
 - Note, the dependent deduction will be adjusted annually for inflation.

Income

Section 2.5: Other Types of Income

LOAN PROCEEDS

24 CFR 5.609(b)(20)

- Exclude the net amount disbursed by a lender to or on behalf of a borrower under the terms of the loan agreement.
- Funds may be received by the family or a third party.
 - For example, funds may be received by an educational institution or by a car dealership to finance the purchase of a car.

MISMANAGEMENT OF ASSETS CLAIMS

24 CFR 5.609(b)(21)

- Exclude 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.

HOUSING GAP PAYMENTS

24 CFR 5.609(b)(23)

- Replacement housing “gap” payments that offset increased rent and utility costs to families that are displaced from one federally subsidized housing unit and move into another federally subsidized housing unit (49 CFR part 24).
- If the gap is reduced or eliminated because of a subsequent move by the tenant or change in the subsidy, and the tenant continues to receive the payment, the payment that is no longer needed to close the gap should be counted as income.

CIVIL RIGHTS SETTLEMENTS AND JUDGMENTS

24 CFR 5.609(b)(25)

- Exclude income from civil rights settlements or judgments, including settlements or judgments for back pay regardless of how the settlement or judgment is structured (i.e., as a lump sum or structured payment).

Income

Section 2.5: Other Types of Income

- This may include amounts received as a result of litigation or other actions, such as conciliation agreements, voluntary compliance agreements, consent orders, other forms of settlement agreements, or administrative or judicial orders under the Fair Housing Act, Title VI of the Civil Rights Act, Section 504 of the Rehabilitation Act (Section 504), the Americans with Disabilities Act, or any other civil rights or fair housing statute or requirement.
- While these civil rights settlement or judgment amounts are excluded from income, the settlement or judgment amounts will generally be counted toward the family's net family assets.
 - For example, if the funds are deposited into the family's savings account or a revocable trust under the control of the family.

FAMILY SELF SUFFICIENCY ACCOUNT

24 CFR 5.609(b)(27)

- Exclude income earned on amounts placed in a family's Family Self-Sufficiency (FSS) account.
 - The exclusion does not address distributions from a family's FSS account, because such distributions (either as a final or interim distribution under the terms of the Contract of Participation) will be excluded from income under 24 CFR 5.609(b)(24)(vii) as a lump-sum addition to net family assets.

FEDERALLY MANDATED INCOME EXCLUSIONS

*Federal Register 1/31/2024;
24 CFR 5.609 (b)(22)*

- Value of Food Stamps
 - Value of allotment provided to an eligible household under the Food Stamp Act of 1977.
 - This exclusion also applies to assets.
- Benefits under Section 1780 of the Richard B. Russell School Lunch Act and Child Nutrition Act of 1966
 - Includes WIC and reduced-price lunches.
 - This exclusion also applies to assets.

Income

Section 2.5: Other Types of Income

- Domestic Volunteer Services Act
 - Payments, including for supportive services and reimbursement of out-of-pocket expenses, under the Domestic Volunteer Services Act of 1973 are excluded.
 - Except the exclusion does not apply when the Chief Executive Officer of the Corporation for National and Community Service determines that the value of all such payments, adjusted to reflect the number of hours such volunteers are serving, is equivalent to or greater than the minimum wage then in effect under the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) or the minimum wage, under the laws of the State where such volunteers are serving, whichever is the greater (42 U.S.C. 5044(f)(1)).
 - This exclusion also applies to assets.
 - These programs include:
 - VISTA - Volunteers in Service to America
 - RSVP - Retired Senior Volunteer Program
 - Foster Grandparents
 - Senior Companions Programs
- Heating assistance payments
 - Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f)(1)).
 - This exclusion also applies to assets.
- Workforce Innovation and Opportunity Act of 2014
 - Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998 reauthorized as the Workforce Innovation and Opportunity Act of 2014 (29 U.S.C. 3241(a)(2))
- Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d))

Income

Section 2.5: Other Types of Income

- Deferred disability benefits from the Department of Veterans Affairs
 - Received in a lump sum or in prospective monthly amounts
- Indian Settlements/Trusts (these exclusions also apply to assets)
 - Payments received under the Maine Indian Claim Settlement Act of 1980. (Pub. L. 96-420, 94 section 9(c)).
 - Certain payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c)).
 - Income derived from certain submarginal land of the United States held in trust for particular Indian tribes (25 U.S.C. 5506).
 - Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433 section 2).
 - Income derived from the disposition of funds of the Grand River Band of Ottawa Indians (Pub. L. 94-540 section 6).
 - The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court, the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands. This exclusion does not include proceeds of gaming operations regulated by the Commission (25 U.S.C. 1407-1408).
 - Payments, funds, or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 (25 U.S.C. 1774f(b))

Income

Section 2.5: Other Types of Income

- Any amounts (i) not actually received by the family, (ii) that would be eligible for exclusion under 42 U.S.C. 1382b(a)(7), and (iii) received for service-connected disability under 38 U.S.C. chapter 11 or dependency and indemnity compensation under 38 U.S.C. chapter 13 (25 U.S.C. 4103(9)(C)) as provided by an amendment by the Indian Veterans Housing Opportunity Act of 2010 (Pub. L. 111-269 section 2) to the definition of income applicable to programs under the Native American Housing Assistance and Self-Determination Act (NAHASDA) (25 U.S.C. 4101 et seq.)
- A lump-sum or a periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the United States District Court case entitled Elouise Cobell et al. v. Ken Salazar et al., for a period of one year from the time of receipt of that payment as provided in the Claims Resolution Act of 2010
- Per capita payments made from the proceeds of Indian Tribal Trust Settlements listed in IRS Notice 2013- 1 and 2013-55 must be excluded from annual income unless the per capita payments exceed the amount of the original Tribal Trust Settlement proceeds and are made from a Tribe's private bank account in which the Tribe has deposited the settlement proceeds. Such amounts received in excess of the Tribal Trust Settlement are included in the gross income of the members of the Tribe receiving the per capita payments as described in IRS Notice 2013-1. The first \$2,000 of per capita payments are also excluded from assets unless the per capita payments exceed the amount of the original Tribal Trust Settlement proceeds and are made from a Tribe's private bank account in which the Tribe has deposited the settlement proceeds (25 U.S.C. 117b(a), 25 U.S.C. 1407)
- Title IV of the Higher Education Act of 1965
 - Amounts of student financial assistance funded under Title IV of the Higher Education Act of 1965, including awards under Federal work-study programs or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu).

Income

Section 2.5: Other Types of Income

- For Section 8 programs only, any financial assistance in excess of amounts received by an individual for tuition and any other required fees and charges under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), from private sources, or an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income if the individual is over the age of 23 with dependent children (Pub. L. 109-115, section 327 (as amended)).
- Spina Bifida and Agent Orange settlements (these exclusions also apply to assets)
 - Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.).
 - Payments received under 38 U.S.C. 1833 (c) to children of Vietnam veterans born with spina bifida, children of women Vietnam veterans born with certain birth defects, and children of certain Korean and Thailand service veterans born with spina bifida (42 U.S.C. 12637(d)).
- Child Care and Development Block Grant Act of 1990
 - The value of any childcare provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990.
- Earned Income Tax Credit (EITC) refund payments
 - This exclusion also applies to assets.
- Any amount in an Achieving Better Life Experience (ABLE) account, distributions from and certain contributions to an ABLE account established under the ABLE Act of 2014 (Pub. L. 113-295.), as described in Notice PIH 2019-09/H 2019-06 or subsequent or superseding notice is excluded from income and assets.

Income

Section 2.5: Other Types of Income

- Major disaster and emergency assistance received under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, and comparable disaster assistance provided by states, local governments, and disaster assistance organizations.
 - This exclusion also applies to assets.
- Title V of the Older Americans Act of 1965
 - Payments under Title V are excluded. This is the Senior Community Service in Employment Program (SCSEP) funded through the Department of Labor.
 - This program is administered by national contractors such as:
 - Green Thumb
 - AARP - American Association of Retired Persons
 - NCOA - National Council on Aging
 - National Council of Senior Citizens (sometimes called Senior Aides)
 - US Forest Services
 - NCBA - National Caucus for Black Aged
 - Urban League
 - National Association for the Spanish Elderly
 - State coordinators for Title V can provide a list of additional contractors who administer Title V.
 - Even if there is 90 percent federal and 10 percent local funding, 100 percent of the income funded through Title V is excluded.
- Crime Victim Compensation
 - Any amount of crime victim compensation that provides medical or other assistance (or payment or reimbursement of the cost of such assistance) under the Victims of Crime Act of 1984 received through a crime victim assistance program, unless the total amount of assistance that the applicant receives from all such programs is sufficient to fully compensate the applicant for losses suffered as a result of the crime (34 U.S.C. 20102(c)).
 - This exclusion also applies to assets.

Income

Section 2.5: Other Types of Income

- Any amounts in an “individual development account” are excluded from assets and any assistance, benefit, or amounts earned by or provided to the individual development account are excluded from income, as provided by the Assets for Independence Act, as amended (42 U.S.C. 604(h)(4)).
- The amount of any refund (or advance payment with respect to a refundable credit) issued under the Internal Revenue Code is excluded from income and assets for a period of 12 months from receipt (26 U.S.C. 6409)
- Assistance received by a household under the Emergency Rental Assistance Program pursuant to the Consolidated Appropriations Act, 2021 (Pub. L. 116-260, section 501(j)), and the American Rescue Plan Act of 2021.

CHAPTER 4 Rent Calculation Quiz

Part I - True/False

T/F

1. During the term of the HAP contract, if the family has a change in their family size, the new family unit size must be applied at the family's second annual reexam after the change.
2. Earned income of full-time students 18 and older (who are not the head, spouse, or co-head) in excess of the dependent deduction is excluded from annual income.....
3. Actual income from assets is to be included when the total cash value of all family assets is \$5,000 or less
4. The income of a temporarily absent spouse must be included in the annual income.....
5. A PHA may establish a minimum rent of \$0
6. Lump-sum payments are always counted as assets.
7. Disability assistance expenses may be deducted if they enable a family member to work or attend school.
8. The earned income of a minor is included in annual income.....
9. The interest on the savings account of a seven-year-old boy is included in annual income.....
10. A PHA may deny a family the child care allowance if there is an unemployed adult family member in the household who may be available to provide the child care.....
11. A family consists of a 61-year-old head of household and his 62-year-old spouse. Their annual income is \$12,000. They have anticipated verified health and medical care expenses of \$1,000. The family's adjusted annual income is \$10,960.....

Rent Calculation Quiz

Part I - True/False

T/F

12. The PHA must establish a payment standard for each unit size. _____
13. Jeremy Cook has been receiving \$350 per month in TANF. He just enrolled in a qualifying state training program, from which he is now receiving \$500 a month. TANF benefits ended. He has no other income. The PHA must exclude the entire \$500 from his annual income. _____
14. If a family has had their welfare reduced for fraud or noncompliance with the welfare department's economic self-sufficiency program, the PHA must include imputed welfare income in the family's rent calculation.. . . . _____
15. The average balance for six months is always counted as the cash value of a savings account.. . . . _____
16. Only disabled families are eligible for a disability assistance allowance.. . . _____
17. Food stamp benefits are included in annual income.. . . . _____
18. When income from employment is annualized, the gross income is used.. . . _____
19. A deferred periodic payment from the late start of TANF benefits is treated as an asset and therefore excluded from the family's annual income.. . . . _____

PART II - Multiple Choice

20. When net family assets are greater than \$5,000, income from assets is based upon:
- Actual income from assets
 - Imputed income from assets
 - The greater of imputed or actual income from assets
21. The formula for finding the cash value of assets for calculation of rent is:
- Market value less current loan balance, if any, less anticipated expenses to sell
 - Market value less 6 percent realtor fee
 - Market value less annual taxes
22. Assets do not include:
- Checking accounts
 - The family car
 - Personal property held as an investment such as coin collections
 - The cash surrender value of a life insurance policy
23. Jenna Jones owned a home appraised at \$300,000. There was no mortgage balance. Last month, she sold the house to her son for \$1. Her son paid all fees and costs of the sale. The PHA must:
- Count \$299,999 in the total cash value of her assets for two years from the date she sold the home
 - Count the \$1 in annual income
 - Count \$299,999 in her annual income from two years from the date she sold the home
 - Terminate Jenna's assistance
24. Income of minors to be included in annual income is:
- \$100 birthday gift from grandpa
 - Interest on savings account
 - Social Security
 - Wages
 - b and c
25. To convert biweekly income to annual income, multiply by:
- 52
 - 24
 - 26
 - 12

Rent Calculation Quiz

26. The Smith family's total tenant payment is based on the PHA's minimum rent of \$50. They have just requested the minimum rent hardship exemption, and the PHA has determined that the family qualifies. The Smith family has the following income information:
- 10 percent of their monthly income is \$15
 - 30 percent of the adjusted monthly income is \$4
 - Welfare rent does not apply.
- The Smith family's TTP will now be:
- a. \$0
 - b. \$4
 - c. \$15
 - d. \$50
27. Assets do not include:
- a. Checking accounts with balances of less than \$100
 - b. Cash value of a life insurance policy
 - c. Personal property not held as an investment
 - d. Savings accounts
 - e. All of the above
28. Irrespective of any increase or decrease in the payment standard, if the family unit size increases or decreases during the HAP contract term, the new family unit size may be used to determine the payment standard immediately but no later than the family's first regular reexamination following the change in family unit size.
- a. True
 - b. False

Rent Calculation Quiz

PART III - Review this family and answer the questions below

- | | |
|--|-------------------------------------|
| a. Head, age 45 | f. Granddaughter, age one |
| b. Spouse, age 45 | g. Grandmother, age 70 |
| c. Son, age 19, who is a full-time student | h. Disabled brother of head, age 39 |
| d. Daughter, age 16, who has quit school | i. No one |
| e. Foster child (male), age 12 | |

29. Who qualifies this family for a \$400 elderly/disabled allowance?
[Fill in correct letter (s)]:

30. Who gets a \$480 dependent allowance? [Fill in correct letter (s)]

31. Who gets a medical allowance? [Fill in correct letter (s)]

32. If the spouse has a disability, who gets a health and medical care allowance? [Fill in correct letter(s)]

PART IV - Fill In The Blanks

33. Annual income minus HUD allowances = _____

34. There are _____ HUD allowances; they include:

(\$400) _____

(\$480) _____

Rent Calculation Quiz

Answer Key for Rent Calculation Quiz

- | | |
|-------|------------------------------------|
| 1. F | 27. C |
| 2. T | 28. B |
| 3. T | 29. I |
| 4. T | 30. C, D, F, H |
| 5. T | 31. I |
| 6. F | 32. A, B, C, D, F, G, H |
| 7. F | 33. Adjusted annual income |
| 8. F | 34. Five allowances: |
| 9. T | Elderly/disabled; Dependent; Child |
| 10. F | care; Allowable medical expenses; |
| 11. T | Allowable disability assistance |
| 12. T | expenses |
| 13. F | |
| 14. T | |
| 15. F | |
| 16. F | |
| 17. F | |
| 18. T | |
| 19. F | |
| 20. C | |
| 21. A | |
| 22. B | |
| 23. A | |
| 24. E | |
| 25. C | |
| 26. C | |

CHAPTER 5 Study Guide

I. **TERMINOLOGY:** Define the following terms

1. Adjusted annual income:

2. Total family share:

3. Tenant rent to owner:

4. Utility reimbursement to family:

5. Rent to owner:

6. Utility allowance:

7. Gross rent:

8. Housing assistance payment contract:

9. Payment standard (PS):

10. Total HAP:

11. Elderly family:

II. ANNUAL INCOME

12. To convert income to annual amounts, multiply:

- | | | | | | |
|-------------------|---|-------|---------------------|---|-------|
| a) Monthly income | x | _____ | d) Semimonthly | x | _____ |
| b) Weekly income | x | _____ | e) Hourly full-time | x | _____ |
| c) Biweekly | x | _____ | | | |

13. If someone is paid on the 1st and 15th of the month, which calculation would be used?

14. Who is considered a dependent?

15. What income of a minor is included in annual income?

16. What income is included in annual income for a person 18 years of age or older who is not the head or spouse?

- | | | |
|----|---------------------------------------|-------|
| a) | If the person is a full-time student? | _____ |
| b) | If the person is a part-time student? | _____ |
| c) | If the person is not a student? | _____ |

17. Does annual income include employment income before or after taxes are taken out?

18. When an individual receives Social Security benefits, does annual income include the amount with or without Medicare premiums?

19. If a family receives foster child care payments, is it included in annual income?

20. What is the income calculation formula when the family's total assets are less than or equal to \$5,000?

21. What is the income calculation formula when the family's total assets are greater than \$5,000?

22. How is imputed income from assets calculated?

23. When a family is sanctioned by the welfare department, what are the two reasons to include imputed welfare income in annual income?

24. If a person is temporarily absent, what income is included in annual income?

25. When are lump-sum payments treated as income?

26. Is a live-in aide's income included in or excluded from annual income?

☐ Included ☐ Excluded

27. List 10 examples of assets counted for HUD purposes.

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____
- 6) _____
- 7) _____
- 8) _____
- 9) _____
- 10) _____

28. List three examples of assets not counted for HUD purposes.

- 1) _____
- 2) _____
- 3) _____

29. How is the cash value of a savings or checking account determined?

30. What is the formula for finding the cash value of a property?

31. Are trusts always considered an asset? If not, what is the exception?

32. When is personal property counted as an asset?

33. What happens if a tenant has “given away” an asset for less than fair market value within the past two years?

34. How long is the asset counted in that situation?

35. What is the formula for calculating anticipated income?

III. HUD ALLOWANCES

36. Name the four categories of people who are never considered a dependent.

- 1) _____
- 2) _____
- 3) _____
- 4) _____

37. What is a full-time student?

38. How much is the dependent allowance?

39. What ages of children are eligible for child care allowance?

40. When is a family eligible for child care allowance? (Name three situations)

- 1) _____
- 2) _____
- 3) _____

41. What are three (3) restrictions on the use of child care allowances?

- 1) _____
- 2) _____
- 3) _____

42. Can child support payments be counted as a child care allowance?

☐

Yes

☐

No

43. What two expenses are eligible as a disability assistance allowance?

1) _____

2) _____

44. What two conditions qualify a family for the disability assistance allowance?

1) _____

2) _____

45. What type of family qualifies for a health and medical care allowance?

46. Who in the household qualifies for the health and medical care allowance if the head is disabled?

IV. RENT CALCULATION

47. What is the formula for determining total tenant payment in the Housing Choice Voucher program?

48. What is the formula for determining tenant rent?

49. Describe what happens if the PHA lowers its payment standard during the term of the HAP contract.

50. Describe what happens if the PHA increases its payment standard during the term of the HAP contract.

51. When is maximum family share applied?

52. If a family with a three-bedroom voucher leases a four-bedroom unit:

- a) What payment standard is used? _____
- b) What utility allowance is used? _____

V. VERIFICATIONS

53. What does the PHA do when a family member disputes EIV employer data?

54. What are the six levels of the verification hierarchy?

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____
- 6) _____

55. If a family agrees with the amounts shown in EIV, the PHA is required to use the amount shown in EIV to annualize Social Security income for both applicants and participants.

☐ True ☐ False

56. For fully excluded sources of income, such as food stamps, HUD does not require that the PHA obtain third-party verification.

☐ True ☐ False

CHAPTER 6 Study Guide Answers

I. **TERMINOLOGY: Define the following terms**

1. Adjusted annual income:

Annual income less HUD allowances.

2. Total family share:

The total amount the HUD rent formula requires the tenant to pay toward rent plus the PHA's utility allowance for the unit.

3. Tenant rent to owner:

The portion of the rent paid to the owner by the family.

4. Utility reimbursement to family:

The portion of the housing assistance payment which exceeds the amount of the rent to owner.

5. Rent to owner:

The amount that the owner is paid for rent from both the family and the PHA.

6. Utility allowance:

Estimate calculated from schedule of utility costs for utilities not included in owner's rent - an allowance for tenants toward payment of utilities.

7. Gross rent:

Rent to owner plus utility allowance.

8. Housing assistance payment contract:

Contract between owner and PHA for housing assistance.

9. Payment standard (PS):

A figure which determines the maximum amount of subsidy a family can receive in the tenant-based assistance program.

10. Total HAP:

The lower of the gross rent or the payment standard minus the total tenant payment.

11. Elderly family:

Head, spouse, or cohead is 62 or older.

II. ANNUAL INCOME

12. To convert income to annual amounts, multiply:

a) Monthly income	x	<u>12</u>	d) Semimonthly	x	<u>24</u>
b) Weekly income	x	<u>52</u>	e) Hourly fulltime	x	<u>2,080</u>
c) Biweekly	x	<u>26</u>			

13. If someone is paid on the 1st and 15th of the month, which calculation would be used?

Semimonthly

14. Who is considered a dependent?

A member of the family (excluding foster children/adults or live-in attendants), other than the family head, spouse, or cohead, who is under 18 years of age or who is a person with disabilities, or a full-time student.

15. What income of a minor is included in annual income?

All income except employment, unless excluded by regulations.

16. What income is included in annual income for a person 18 years of age or older who is not the head or spouse?

a) If the person is a full-time student?	<u>Earned income of \$480</u>
b) If the person is a part-time student?	<u>All</u>
c) If the person is not a student?	<u>All</u>

17. Does annual income include employment income before or after taxes are taken out?

Full amount before payroll deductions.

18. When an individual receives Social Security benefits, does annual income include the amount with or without Medicare premiums?

The amount should have Medicare added in when computing annual income.

19. If a family receives foster child care payments, is it included in annual income?

NO, as long as they are a qualified foster child with payment coming from the agency responsible for making foster child care payments.

20. What is the income calculation formula when the family's total assets are less than or equal to \$5,000?

Use actual income from assets.

21. What is the income calculation formula when the family's total assets are greater than \$5,000?

Use the greater of actual income or imputed asset income.

22. How is imputed income from assets calculated?

PHA passbook rate x total cash value of assets. Use calculation when assets exceed \$5,000.

23. When a family is sanctioned by the welfare department, what are the two reasons to include imputed welfare income in annual income?

The family commits fraud or fails to comply with welfare's economic self-sufficiency program or work activity program.

24. If a person is temporarily absent, what income is included in annual income?

All

25. When are lump-sum payments treated as income?

Delayed start of periodic payments, except for Social Security, SSI, and veterans' disability lump sums.

26. Is a live-in aide's income included in or excluded from annual income?

☐ Included ☒ Excluded

27. List 10 examples of assets counted for HUD purposes.

- 1) **Savings and checking accounts**
- 2) **Stocks/bonds**
- 3) **Equity in property**
- 4) **Cash value of trusts**
- 5) **IRA, Keogh funds**
- 6) **Money market funds**
- 7) **Certificates of deposit**
- 8) **Personal property as investments**
- 9) **Cash value of life insurance**
- 10) **Assets disposed of for less than fair market value within past two years**

28. List three examples of assets not counted for HUD purposes.

- 1) **Personal property**
- 2) **Interest in Indian trust lands**
- 3) **Assets not accessible by applicant**

29. How is the cash value of a savings or checking account determined?

PHAs must establish a policy on how to determine the cash value of savings and checking accounts.

30. What is the formula for finding the cash value of a property?

Market value less current loan balance, if any, less anticipated expenses to sell.

31. Are trusts always considered an asset? If not, what is the exception?

Revocable/accessible trusts are assets. Irrevocable trusts are not assets.

32. When is personal property counted as an asset?

When it is held as an investment.

33. What happens if a family member has “given away” an asset for less than fair market value within the past two years?

Count as if it were still owned. (Count market value less expenses, less what was received.)

34. How long is the asset counted in that situation?

Two years from the date disposed of.

35. What is the formula for calculating anticipated income?

Market value x interest rate = anticipated income

III. HUD ALLOWANCES

36. Name the four categories of people who are never considered a dependent.

1) **Head**

2) **Spouse or cohead**

3) **Foster child/adult**

4) **Live-in attendant**

37. What is a full-time student?

A person other than the head, spouse, or cohead who is attending school or vocational training on a full-time basis.

38. How much is the dependent allowance?

\$480

39. What ages of children are eligible for child care allowance?

Under 13 years of age.

40. When is a family eligible for child care allowance? (Name three situations)

1) **Adult working**

2) **Adult attending school**

3) **Adult actively seeking employment**

41. What are three restrictions on the use of child care allowances?

1) **Reasonable**

2) **Not paid by someone else**

3) **Expense does not exceed money earned by person enabled to work**

42. Can child support payments be counted as a child care allowance?

☐

Yes

☒

No

43. What two expenses are eligible as a disability assistance allowance?

1) **Care attendants**

2) **Auxiliary apparatus**

44. What two conditions qualify a family for the disability assistance allowance?

1) **Enable a family member to work.**

2) **Must be a person with disabilities in household.**

45. What type of family qualifies for a health and medical care allowance?

Head, spouse, or cohead is 62 or older or a person with disabilities.

46. Who in the household qualifies for the health and medical care allowance if the head is disabled?

**Everyone except live-in aide and foster children or foster adults.
(All family members)**

IV. RENT CALCULATION

47. What is the formula for determining total tenant payment in the Housing Choice Voucher program?

Greatest of 30 percent% of monthly adjusted income, 10 percent of monthly income, welfare rent (if applicable), or PHA's minimum rent.

48. What is the formula for determining tenant rent?

Rent to owner minus HAP.

49. Describe what happens if the PHA lowers its payment standard during the term of the HAP contract.

If the PHA chooses to reduce the payment standard for families currently under HAP contract, the initial reduction to the payment standard may not be applied any earlier than two years following the effective date of the decrease in the payment standard and only with proper written notice to the family in accordance with 24 CFR 982.505(c)(3)(iii). At that point, the PHA may either reduce the payment standard to the current amount in effect on the PHA's payment standard schedule or may reduce the payment standard to another amount that is higher than the normally applicable amount on the schedule. The PHA may also establish different policies for designated areas within their jurisdiction (e.g., different zip code areas). In any case, the PHA must provide the family with at least 12-month notice that the payment standard is being reduced before the effective date of the change.

50. Describe what happens if the PHA increases its payment standard during the term of the HAP contract.

• If the payment standard is increased during the term of the HAP contract, the increased payment standard will be applied no later than the earliest of:

- The effective date of an increase in the gross rent that would result in an increase in the family share;**
- The family's first regular or interim reexamination; or**
- One year following the effective date of the increase in the payment standard amount.**

• The PHA may adopt a policy to apply a payment standard increase at any time earlier than the date calculated above.

51. When is maximum family share applied?

At new admission or moves when the gross rent exceeds the payment standard.

52. If a family with a three-bedroom voucher leases a four-bedroom unit:

- | | | |
|----|---------------------------------|----------------------|
| a) | What payment standard is used? | <u>Three-bedroom</u> |
| b) | What utility allowance is used? | <u>Three-bedroom</u> |

V. VERIFICATIONS

53. What does the PHA do when a family member disputes EIV employer data?

The PHA must obtain additional third-party verification.

54. What are the six levels of the verification hierarchy?

1) **UIV using EIV**

2) **UIV using other sources**

3) **Written third-party documents provided by the family**

4) **Written third-party verification form**

5) **Third-party oral**

6) **Tenant declaration**

55. If a family agrees with the amounts shown in EIV, the PHA is required to use the amount shown in EIV to annualize Social Security income for both applicants and participants.

☐

True

☒

F

False

56. For fully excluded sources of income, such as food stamps, HUD does not require that the PHA obtain third-party verification.

☒

T True

☐

False

