

**X. Definition and Procedures to be used in Determining Income and Rent**

**A. Annual Income**

**Annual Income means all amounts, monetary or not, which:**

- Go to, or on behalf of , the family head of household or spouse (even if temporarily absent) or to any other family member; or
- Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
- Which are not specifically excluded.
- Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

**Annual Income includes, but is not limited to:**

1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
2. The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deduction in determining the net income from a business. An allowance for the straight-line depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in IRS regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for the straight-line depreciation of real or personal property is permitted. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family. Where the family has net family assets in excess of \$5000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD; the PHA must obtain supporting documentation (e.g. bank statements) from the family to confirm the assets. Where the family has net family assets equal to or less than \$5000, the PHAs does not need to request supporting documentation (e.g. bank statements) from the family to confirm the assets or the amount of income expected to be received from those assets.  
.
4. The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount;  
HAB can do a streamlined reexamination of income for elderly families and disabled families when 100 percent of the family's income consists of fixed income. In a streamlined reexamination, PHAs will recalculate family incomes by applying any published cost of living adjustments to the previously verified income amount. For these purposes, the term 'fixed income' includes income from:
  1. Social Security payments to include Supplemental Security Income (SSI) and Supplemental Security Disability Insurance (SSDI);
  2. Federal, State, local, and private pension plans; and

3. Other periodic payments received from annuities, insurance policies, retirement funds, disability or death benefits, and other similar types of periodic receipts that are of substantially the same amounts from year to year.
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay;
6. Welfare assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:
  - (a) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
  - (b) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.
7. Periodic and determinable allowances, such as alimony and child support payments, and regular cash and non-cash contributions or gifts received from agencies or persons not residing in the dwelling made to or on behalf of family members; and,
8. All regular pay, special pay, and allowances of a family member in the Armed Forces.
9. Seasonal Employment income is counted in annual income. Seasonal employment is work that is carried on each year, generally during the same time of year. Examples include, but are not limited to, carpentry and cement work, employment in tourist locations and ski areas, logging, casual firefighters for the forest service (where the firefighters are trained to go out to fires or smoke jumpers or hot-shot teams), workers on large highway projects (equipment operators, laborers, flag persons, surveyors), working for a temporary employment agency, and bowling alley personnel where the establishment is closed during the summer months.

**B. Items not included in Annual Income**

**Annual Income does not include the following:**

1. Income from the employment of children (including foster children) under the age of 18 years;
2. Payments received from the care of foster children or foster adults (usually individuals with disabilities, unrelated to the resident family, who are unable to live alone);
3. Lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance, and worker's compensation), capital gains, one-time lottery winnings, and settlement for personal property losses (but see paragraphs A.4 and 5 above if the payments are or will be periodic in nature);

[See paragraph 14. below for treatment of delayed or deferred periodic payments of Social Security or Supplement]

4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of a live-in aide, provided the person meets the definition of a live-in aide

6. The full amount of student financial assistance paid directly to the student or the educational institution;
7. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
8. Certain amounts received that are related to participation in the following programs:
  - (a) Amounts received under HUD funded training programs (e.g. Step-up program: excludes stipends, wages, transportation payments, childcare vouchers, etc. for the duration of the training);
  - (b) Amounts received by a person with disabilities that are disregarded for a limited time for purposes of Supplemental Security Income and benefits that are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
  - (c) Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) to allow participation in a specific program;
  - (d) A resident services stipend. A resident services stipend is a modest amount (not to exceed \$200/month) received by a public housing resident for performing a service for the PHA, on a part-time basis, that enhances the quality of life in public housing. Such services may include but are not limited to fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination. No resident may receive more than one such stipend during the same period of time; and
  - (e) Incremental earnings and/or benefits resulting to any family member from participation in qualifying state or local employment training program (including training programs not affiliated with the local government), and training of family members as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for a limited period as determined in advance by the PHA;
9. **Sporadic** income is income this is not received periodically and cannot be reliably predicted. For example, the income of an individual who works occasionally as a handyman would be considered sporadic if future work could not be anticipated and no historic pattern of income existed.  
**Temporary** income is income that is less than 30 days in consecutive duration by design.
10. Reparation payments paid by foreign governments pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
11. Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of the household and spouse);
12. Adoption assistance payments in excess of \$480 per adopted child;
13. The incremental earnings and benefits to any resident 1) whose annual income increases due to employment of a family member who was unemployed for one or more years previous to employment; or 2) whose annual income increases as the result of increased earnings by a family member during participation in any economic self-sufficiency or other job training program; or 3) whose annual income increases due to new employment or increased earnings of a family member during or within six months of receiving state-funded assistance, benefits or services, **will not be increased during the exclusion period.** For purposes of this paragraph, the following definitions apply:
  - (a) State-funded assistance, benefits or services means any state program for temporary assistance for needy families funded under Part A of Title IV of the Social Security Act, as determined by the PHA in consultation with the local agencies administering Temporary Assistance for Needy Families (TANF) and Welfare-to-Work programs.

The TANF program is not limited to monthly income maintenance, but also includes such benefits and services as one-time payments, wage subsidies and transportation assistance-provided that the total amount over a six-month period is at least \$500.

- (b) During the 12-month period beginning when the member first qualifies for a disallowance, the PHA must exclude from Annual Income any increase in income as a result of employment. For the 12 months following the exclusion period, 50% of the income increase shall be excluded.
- (c) Regardless of how long it takes a resident to work for 12 months (to qualify for the first exclusion) or the second 12 months (to qualify for the second exclusion), the maximum period for the disallowance (exclusion) is 48 months.
- (d) The disallowance of increased income under this section is only applicable to current residents and will not apply to applicants who have begun working prior to admission (unless their earnings are less than would be earned working ten hours per week at minimum wage, under which they qualify as unemployed).

14. Deferred periodic payments of supplemental security income and social security benefits that are received in a lump sum payment;

15. Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling units;

16. Amounts paid by a State agency to a family with a developmentally disabled family member living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home;

17. Amounts specifically excluded by any other Federal Statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the United States Housing Act of 1937. (A notice will be published by HUD in the Federal Register identifying the benefits that qualify for this exclusion.) Updates will be published and distributed when necessary.)

The following is a list of benefits excluded by other Federal Statute:

- The value of the allotment provided to an eligible household for coupons under the Food Stamp Act of 1977 [7USC 22017 (b)];
- Payments to volunteers under the Domestic Volunteer Service Act of 1973 [42 USC 5944 (g), 5088];

Examples of programs under this Act include but are not limited to:

- the Retired Senior Volunteer Program (RSVP), Foster Grandparent Program (FGP), Senior Companion Program (SCP), and the Older American Committee Service Program;
- National Volunteer Antipoverty Programs such as VISTA, Peace Corps, Service Learning Program, and Special Volunteer Programs;
- Small Business Administration Programs such as the National Volunteer Program to Assist Small Business and Promote Volunteer Services to Persons with Business Experience, Service Corps of Retired Executives (SCORE), and Active Corps of Executives (ACE).
- Payments received under the Alaska Native Claims Settlement Act [43 USC.1626 (a)];
- Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes [25 USC,459e];
- Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program [42 UDS 8624 (f)];
- Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub.L., 94-540, 90 Stat. 2503-04)
- The first \$2,000 of per capita share received from judgment funds awarded by the Indian Claims Commission or the Court of Claims, 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[25 USC 1407-8];

- Amounts of scholarships funded under Title IV of the Higher Education Act of 1965 including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance program [20 USC 1087 uu]

--Examples of Title IV programs include but are not limited to: Basic Educational Opportunity Grants (Pell Grants), Supplemental Opportunity Grants, State Student Incentive Grants, College Work Study, and Byrd Scholarships.

- *Payments received after January 1, 1989 from the Agent Orange Settlement Fund or any other fund established in the In Re Agent Orange product liability litigation;*
- *Payments received under the Maine Indian Claims Settlement Act of 1980 (Pub. L. 96-420, 94 Stat. 1785);*
- *The value of any child care 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 (42 USC 998581);*
- *Earned income tax credit refund payments received on or after January 1, 1991 (26 USC 32 (j));*
- *Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;*
- *Allowances, earnings and payments to AmeriCorps participants under the National and Community Service Act of 1990;*
- *Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment of reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the victims of Crime Act (42 U.S.C. 10602)*
- *Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998 (29 U.S.C 2931);*
  - Assistance from the School Lunch Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771).
- Payments from the Seneca Nation Settlement Act of 1990 (25 U.S.C. 1774f).
- Payment from any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts;
- Compensation received by or on behalf of a veteran for service-connected disability, death, dependency or indemnity compensation in program authorized under the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) (25 U.S.W.C. 4101 *et seq.*) and administered by the Office of Native American Programs;
- 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.*

### **C. Anticipating Annual Income**

1. If it is not feasible to anticipate income for a 12-month period, the Authority may use the annualized income anticipated for a shorter period, subject to an Interim Adjustment at the end of

the shorter period. (This method would be used for teachers who are only paid for 9 months, or for tenants receiving unemployment compensation.)

2. Lump sum child support payments (i.e. tax refund offsets, workers' comp offsets, etc.) are considered delayed monthly payments and will be counted in annual income. The Housing Authority will use the full amount in annual income and it will not be removed from the file for a full calendar year from the date of interim or annual re-examination.

#### **D. Adjusted Income**

Adjusted Income (the income upon which rent is based) means Annual Income less the following deductions and exemptions:

##### **For All Families**

1. **Child Care Expenses** – A deduction of amount anticipated to be paid by the family for the care of children under 13 years of age for the period for which Annual Income is computed, BUT ONLY which such care is necessary to enable a family member to be gainfully employed, to seek employment or to further his/her education. Amounts deducted must be unreimbursed expenses and shall not exceed: (a) the amount of income earned by the family member released to work; or (b) the amount determined to be the amount of income earned by the family member released to work; or (b) an amount determined to be reasonable by PHAS when the expense is incurred to permit education or to seek employment.

2. **Dependent Deduction** – An exemption of \$480 for each member of the family residing in the household (other than the head of household, or spouse, Live-in Aide, foster adult or foster child) who is under 18 years of age or who is 18 years of age or older and disabled or a full-time student.

3. **Work-related Disability Expenses** – A deduction of unreimbursed amounts paid for attendant care or auxiliary apparatus expenses for family members with disabilities where such expenses are necessary to permit a family member(s), including the disabled member, to be employed. In no event may the amount of the deduction exceed the employment income earned by the family member(s) freed to work.

Equipment and auxiliary apparatus may include but is not limited to: wheelchairs, lifts, reading devices for the visually impaired, and equipment added to cars and vans to permit their use by the disabled family member. Also included would be the annualized cost differential between a car and the cost of a van required by the family member with disabilities.

(a) For elderly or disabled families without work-related disability expenses: the amount of the deduction shall equal total medical expenses less three percent of annual income.

(b) For elderly or disabled families with both work-related disability expenses and medical expenses: the amount of the deduction is calculated as described in paragraph 3(a) above.

**For elderly and disabled families only:**

4. **Medical Expense Deduction** – a deduction of unreimbursed Medical Expenses, including insurance premiums, anticipated for the period for which Annual Income is computed.

Medical expenses include but are not limited to: services of physicians and other healthcare professionals, services of healthcare facilities, health insurance premiums (including the cost of Medicare), prescription and non-prescription medicines, transportation to and from treatment, dental expenses, eyeglasses, hearing aides and batteries, attendant care (unrelated to employment of family members), and payments on accumulated medical bills. To be considered by PHA for the Purpose of determining a deduction from income, the expenses claimed must be verifiable.

- (a) For elderly or disabled families without work-related disability expenses: the amount of the deduction shall equal total medical expenses less three percent of annual income.
- (b) For elderly or disabled families with both work-related disability expenses and medical expenses: the amount of the deduction is calculated as described in paragraph 3(a) above.

5. **Elderly/Disabled Household Exemption** – An exemption of \$400 per household. See Definitions in Appendix II.

6. **Optional Deductions/Exemptions** – PHA may amend this policy and grant further deductions. Any such deduction would be noted here.

**E. Computing Rent**

1. The first step in computing rent is to determine each family's Total Tenant Payment. Then, if the family is occupying a unit that has tenant-paid utilities, the Utility Allowance is subtracted from the Total Tenant Payment. The result of this computation, if a positive number, is the Tenant Rent. If the Total Tenant Payment less the utility Allowance is a negative number, the result is the utility reimbursement, which is aid to the tenant.

**Total Tenant Payment is the highest of:**

- 30% of adjusted monthly income; or
- 10% of monthly income; but never less than the
- Minimum Rent; and never more than the
- Flat Rent, if chosen by the family

3. Tenant rent is computed by subtracting the utility allowance for tenant-supplied utilities (if applicable) from the Total Tenant Payment. In developments where the PHA pays all utility bills directly to the utility supplier, Tenant Rent equals Total Tenant Payment.

4. The Minimum Rent shall be \$50 per month, but a hardship exemption shall be granted to residents who can document that they are unable to pay the \$50 because of a long-term hardship (over 90 days). Examples under which residents would qualify for the hardship exemption to the minimum rent would be limited to the following:

- The family has lost eligibility for or is applying for an eligibility determination for a Federal, State or local assistance program;
- The family would be evicted as result of the imposition of the minimum rent requirements;
- The income of the family has decreased because of changed circumstances including loss of employment;
- A death in the family has occurred; or
- Other circumstances as determined by PHA

09/22/2020

The minimum rent hardship is retroactive to October 21, 1998 so if any resident who qualified for the hardship exemption was charged a minimum rent since that time, the resident may be entitled to a retroactive credit.

5. At initial certification and at each subsequent annual reexamination the resident shall be offered a choice of paying either the Income-Based rent or the Flat Rent applicable to the unit they will be occupying.