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LEARNING OUTCOMES

Explain and apply HUD regulations and guidance to rent calculation in the public housing program.

When you have completed the **Rent Calculation** portion of the HABC MTW Public Housing Specialist seminar, you should be able to:

- Identify the types of income that must be included in or excluded from annual income
- Identify assets and calculate income from assets in accordance with HABC's MTW policies
- Calculate adjusted income by correctly deducting allowances and expenses from annual income
- Recognize the requirements for verification of income, allowances, and expenses
- Calculate rent using annual and adjusted income

Notes

CHAPTER 1 Form HUD-50058 MTW

LEARNING OUTCOMES

- Understand the purpose of the Form HUD-50058 MTW
- Review the Form HUD-50058 MTW

FORM HUD-50058 OVERVIEW

- The updated Form HUD-50058 MTW: Family Report is dated 01/2024.
 - https://www.hud.gov/sites/dfiles/PIH/documents/50058_MTW_Family_Report-2024_9-29-23.pdf
- Once the Housing Information Portal (HIP) system is operational, the new 01/2024 Form HUD-50058 MTW will replace the previous version of the form.
- Each time the PHA fills out a 50058 on behalf of the family, the PHA must ensure that the family receives the Paperwork Reduction Act and Privacy Statement.
- When filling out the 50058, remember:
 - Monetary figures: enter only whole dollar amounts. Do not show cents, commas, or dollar signs.
 - Rounding: Always use full dollar amount and cents then round the final result for each income source. Round each monetary amount up when a number is 0.50 or above; down when a number is 0.49 or below.
 - The calculation column is a scratch area where PHAs may perform manual calculations.
 - To leave blank any line(s) or item(s) that do not apply unless this Form instructs otherwise.

- PHAs must convert all income to an annual figure on the Form HUD-50058 MTW. Convert earned income to annual income as follows:
 - Multiply hourly wages by the number of hours worked/year (2080 hours for full-time employment with a 40-hour work week and no overtime)
 - Multiply weekly wages by 52
 - Multiply biweekly wages by 26
 - Multiply semimonthly wages by 24
 - Multiply monthly wages by 12

HABC PH Resource Guide

- Check the 50058 to ensure that the income is coded correctly to reflect the appropriate source.
- When entering income in Elite, ensure that the income is coded to the person receiving it. For example, if a parent is the payee for a child receiving SSI, the SSI income should be coded to the child.

**U.S. Department of Housing and
Urban Development**
Office of Public and Indian Housing

MTW Family Report

Form HUD-50058 MTW, Family Report, applies to Moving to Work Public Housing and Section 8.

MTW Family ReportU.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval Number 2577-0083

Expires xx/xx/20xx

1. MTW Agency

1a. Agency name	1a.
1b. PHA code	1b.
1c. Program	1c.
1d. Project Number	1d.
1e. Building Number	1e.
1f. Building Entrance Number	1f.
1g. Unit Number	1g.
1h. Unit Real Estate ID Number (see instructions)	1h.

2. MTW Action

2a. Type of Action	2a.
2b. Effective date (mm/dd/yyyy) of action	2b.
2c. Correction? (Y or N)	2c.
2d. If correction: (check primary reason) ☐ Family correction of income ☐ Family correction (non-income) ☐ PHA correction of family income ☐ PHA correction (non-income)	
2h. Date (mm/dd/yyyy) of admission to program	2h.
2i. Projected effective date (mm/dd/yyyy) of next reexamination	2i.
2k. Supportive Service Program participation now or in the last year? (Y or N – See Section 23) (programs other than MTW self-sufficiency programs)	2k.
2n. Use if instructed by HUD	2n.
2p. Other special programs	2p.
2q. PHA use only	2q.
2r. PHA use only	2r.
2s. PHA use only	2s.
2t. PHA use only	2t.
2u. PHA use only	2u.
2v. MTW self-sufficiency program participation now or in last year? (Y or N)	2v.
2w. End of Participation reason (only if 2a = End Participation)	2w.
2x. Interim Reexamination reason (only if 2a = Interim Reexamination)	2x.
2y. Type of voucher issuance (HCV only)	2y.
2z. Date participant vacated unit (HCV only)	2z.
2aa. Special purpose	2aa.
2ab. Special purpose	2ab.

Head of household name			Social Security Number			Date modified (mm/dd/yyyy)		
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3. MTW Household

3a. Head of Household Member number 01	3b. Last name & Sr., Jr. etc.			3c. First name	3d. MI	3e. Date of birth	3f. Age on effective date of action
	3g. Gender	3h. Relation H	3i. Citizenship	3j. Disability	3k. Race		3m. Ethnicity
	3n. Social Security Number		3o. Special status code	3p. Alien Registration Number A-		3q. Meeting community service or self-sufficiency requirement? (PH only)	
	3r. Total years of school (0-25)						
3a. Member number 02	3b. Last name & Sr., Jr. etc.			3c. First name	3d. MI	3e. Date of birth	3f. Age on effective date of action
	3g. Gender	3h. Relation	3i. Citizenship	3j. Disability	3k. Race		3m. Ethnicity
	3n. Social Security Number		3o. Special status code	3p. Alien Registration Number A-		3q. Meeting community service or self-sufficiency requirement? (PH only)	
	3r. Total years of school (0-25)						
3a. Member number 03	3b. Last name & Sr., Jr. etc.			3c. First name	3d. MI	3e. Date of birth	3f. Age on effective date of action
	3g. Gender	3h. Relation	3i. Citizenship	3j. Disability	3k. Race		3m. Ethnicity
	3n. Social Security Number		3o. Special status code	3p. Alien Registration Number A-		3q. Meeting community service or self-sufficiency requirement? (PH only)	
	3r. Total years of school (0-25)						
3a. Member number 04	3b. Last name & Sr., Jr. etc.			3c. First name	3d. MI	3e. Date of birth	3f. Age on effective date of action
	3g. Gender	3h. Relation	3i. Citizenship	3j. Disability	3k. Race		3m. Ethnicity
	3n. Social Security Number		3o. Special status code	3p. Alien Registration Number A-		3q. Meeting community service or self-sufficiency requirement? (PH only)	
	3r. Total years of school (0-25)						
3a. Member number 05	3b. Last name & Sr., Jr. etc.			3c. First name	3d. MI	3e. Date of birth	3f. Age on effective date of action
	3g. Gender	3h. Relation	3i. Citizenship	3j. Disability	3k. Race		3m. Ethnicity
	3n. Social Security Number		3o. Special status code	3p. Alien Registration Number A-		3q. Meeting community service or self-sufficiency requirement? (PH only)	
	3r. Total years of school (0-25)						
3a. Member number 06	3b. Last name & Sr., Jr. etc.			3c. First name	3d. MI	3e. Date of birth	3f. Age on effective date of action
	3g. Gender	3h. Relation	3i. Citizenship	3j. Disability	3k. Race		3m. Ethnicity
	3n. Social Security Number		3o. Special status code	3p. Alien Registration Number A-		3q. Meeting community service or self-sufficiency requirement? (PH only)	
	3r. Total years of school (0-25)						
3a. Member number 07	3b. Last name & Sr., Jr. etc.			3c. First name	3d. MI	3e. Date of birth	3f. Age on effective date of action
	3g. Gender	3h. Relation	3i. Citizenship	3j. Disability	3k. Race		3m. Ethnicity
	3n. Social Security Number		3o. Special status code	3p. Alien Registration Number A-		3q. Meeting community service or self-sufficiency requirement? (PH only)	
	3r. Total years of school (0-25)						
3t. Total number in household						3t.	
3u. Family subsidy status under Noncitizens Rule						3u.	
3v. Eligibility effective date (mm/dd/yyyy) if qualified for continuation of full assistance (3u=C)						3v.	
3w. If new head of household, former head of household's SSN						3w.	

4. MTW Family Background at Admission

4a. Date (mm/dd/yyyy) entered waiting list	4a.
4b. Date (mm/dd/yyyy) selected from waiting list	4b.
4c. ZIP code before admission	4c.
4d. Homeless at admission? (Y or N)	4d.
4e. Formerly homeless? (Y or N)	4e.
4f. Does family qualify for admission over the very low-income limit? (vouchers only) (Y or N)	4f.
4g. Continuously assisted under the 1937 Housing Act? (Y or N)	4g.
4h. Transitioning out of institutional setting? (Y or N)	4h.
4i. Is this a special admission (non-waiting list admission)? (Y or N)	4i.

5. MTW Unit To Be Occupied on Effective Date of Action

5a. Unit Address			
Number and street			Apt.
City	Urbanization (Puerto Rico only)	State	ZIP code (+4)
5b. Is mailing address same as unit address? (Y or N) (if yes, skip to 5d)			5b.
5c. Family's mailing address			
Number and street			Apt.
City	Urbanization (Puerto Rico only)	State	ZIP code (+4)
5d. Number of bedrooms in unit			5d.
5e. PHA identified accessible unit (PBV only)			5e(1).
(1) Has the PHA identified this unit as an accessible unit?			5e(2).
(2) If yes, what type of accessibility features does the unit have?			
5f. Family requested accessibility features (Public Housing and PBV only)			5f(1).
(1) Has the family requested accessibility features?			5f(2).
(2) If yes, what type of accessibility features have they requested?			
5g. Has the family received requested accessibility features? (Public Housing and PBV only)			
☐ a. Yes, fully ☐ b. Yes, partially ☐ c. No, not at all ☐ d. Action pending (can be checked in combination with b. or c.)			
5h. Date (mm/dd/yyyy) unit last passed inspection (Tenant-Based or Project-Based Assistance only)			5h.
5i. Date (mm/dd/yyyy) of last inspection (Tenant-Based or Project-Based Assistance only)			5i.
5j. Was the last passed inspection an alternative inspection? (Y or N)			5j.
5k. Year (yyyy) unit was built (Tenant-Based or Project-Based Assistance only)			5k.
5l. Structure type (check only one) (Tenant-Based or Project-Based Assistance only)			
☐ Single family detached		☐ Semi-detached	☐ Rowhouse/townhouse
☐ Low-rise		☐ High rise with elevator	☐ Manufactured home

Note: The numbering for the following sections skips to Section 18. Form HUD-50058 MTW does not contain any sections labeled Section 6 through Section 17. Sections with these numbers were excluded to ensure that data elements on the regular Form HUD-50058 and Form HUD-50058 MTW have unique numerical labels.

Head of household name	Social Security Number	Date modified (mm/dd/yyyy)
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18. MTW Asset Income

18a. Family Member Name	No.	18b. Type of Asset	18c. Is this asset included in net family assets?	18d. Cash value of asset	18e. Actual Income	18f. Imputed Income
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
18g, 18h, 18i. Total net family assets, total actual income, total imputed income				\$ 18g.	\$ 18h.	\$ 18i.
18j. Passbook rate (written as decimal)						\$ 18j.
18k. Final asset income: 18h + 18i (see instructions)						\$ 18k.

19. MTW Income

19a. Family Member Name	No.	19b. Income Code	19c. Calculation (PHA use)	19d. Dollars per year	19e. Income exclusions	19f. Income after exclusions (19d minus 19e)
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
19g., 19h. Column totals				\$ 19g.		\$ 19h.
19i. Total annual income: 18k + 19h						\$ 19i.
19j. Deductions						\$ 19j.
19k. Adjusted annual income: 19i minus 19j						\$ 19k.
Over-Income Status (Public Housing Only)						
19l. What is the applicable over-income limit for families of this size?						\$ 19l.
19m. Is the family's annual income greater than the over-income limit? (Y or N)						19m.
19n. If the family is over-income, note the start date of the 24 consecutive month grace period						19n.

20. MTW Public Housing

20a. Type of rent selected: ☐ Income-based ☐ Flat	20a.
20b. Tenant rent	\$ 20b.
20c. Mixed family tenant rent	\$ 20c.
20d. Utility allowance/estimate	\$ 20d.
20e. Is this a ceiling rent? (Y or N)	20e.
20f. Reserved	20f.

21. MTW Tenant-Based or Project-Based Voucher

21a. Indicate if flat subsidy or income-based subsidy ☐ Income-based ☐ Flat	
21b. Number of bedrooms on voucher equivalent	21b.
21c. Is family now moving to this unit? (Y or N)	21c.
21d. Did family move into your PHA jurisdiction under portability? (Y or N) (if no, skip to 21g)	21d.
21e. Cost billed per month (put 0 if absorbed)	\$ 21e.
21f. PHA code billed	21f.
21g. Owner name	21g.
21h. Owner TIN/SSN	21h.
21i. Rent to owner	21i.
21j. Utility allowance/estimate	\$ 21j.
21k. Gross rent of unit: 21i + 21j (or Space Rent)	\$ 21k.
21m. Flat subsidy amount, if any	\$ 21m.
21n. Tenant rent to owner	\$ 21n.
21p. Mixed family tenant rent to owner	\$ 21p.
21q. Is this a ceiling rent? (Y or N)	21q.
21r. Total HAP	21r.
21s. HAP Contract ID Number (Project-Based Voucher only)	21s.
21t. Is the family receiving a higher payment standard as a reasonable accommodation? (Tenant-Based Voucher only) (Y or N)	21t.
21u. Security deposit paid by the PHA on behalf of the family, if any	21u.
21v. Mobility-related services	21v(1).
(1) Did the family receive mobility-related services? (Y or N)	21v(2).
(2) Date family began receiving mobility-related services	
21w. Additional financial support for family	21w.
21x. Financial incentive for property owner (Tenant-Based Voucher only)	21x.

Head of household name	Social Security Number	Date modified (mm/dd/yyyy)
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22. MTW Homeownership Voucher

22a. Indicate if flat subsidy or income-based subsidy: ☐ Income-based ☐ Flat	
22b. Is family now moving to this home? (Y or N)	22b.
22c. Date (mm/dd/yyyy) of initial HQS inspection	22c.
22d. Did family move into your PHA jurisdiction under portability? (Y or N) (if no, skip to 22g)	22d.
22e. Cost billed per month (put 0 if absorbed)	\$ 22e.
22f. PHA code billed	22f.
22g. Monthly homeownership payment (PITI & MIP if applicable)	\$ 22g.
22h. Utility allowance/estimate	\$ 22h.
22i. Other monthly allowance(s), if any	\$ 22i.
22j. Gross homeownership expense	\$ 22j.
22k. Flat subsidy amount	\$ 22k.
22m. Total family share	\$ 22m.
22n. Mixed family total family share	\$ 22n.
22p. Is this a ceiling rent? (Y or N)	22p.
22q. HAP	22q.

23. Supportive Services Programs (SSP)/MTW Self-Sufficiency

23a. Participate in special programs?		
23b. SSP Report category (check no more than one) ☐ Enrollment ☐ Progress ☐ Exit		
23c. SSP Effective date (mm/dd/yyyy) of action		23c.
23d. PHA code of PHA administering FSS contract (FSS only)		23d.
23e. MTW self-sufficiency report category: (check no more than one) ☐ Enrollment ☐ Progress ☐ Exit		
23f. MTW self-sufficiency effective date (mm/dd/yyyy) of action		23f.
23h. General information (HoH = FSS HoH for FSS participants)		
(1) Current employment status of head of household. Indicate the head of household's employment status at the time addendum completed.		
(2) Date (mm/dd/yyyy) current employment began		23h(2).
(3) Benefits in current employment: (check all that apply) ☐ Health ☐ Retirement account ☐ Other		
(4) Reserved.		23h(4).
(5) Assistance received by the family: (select all that apply)		
(6) Number of children receiving childcare services		23h(6).
23i. Family services table (for MTW self-sufficiency go to 23r)		
	(1) Need (Y or N)	(2) Need Met Through Participation in Program (Y or N)
Education/Training		
GED/High school		
Post secondary		
ESL		
Employment Supports		
Job search/job placement		
Job retention		
Vocational/Job training		
Job Readiness		
Transportation		
Child care		
Personal Welfare		
Health services		
Alcohol and substance use prevention and treatment services		
Mental health		
Dental		
Health insurance		
Financial Empowerment		
Homeownership and Homeownership counseling		
Connected to Banking Services at a Mainstream Financial Institution (Checking or Savings)		
Financial Empowerment/coaching		
Digital Inclusion Activities		
Elderly/Persons with Disabilities		
Other		

Family Self-Sufficiency Program (if MTW self-sufficiency program, skip to 17n)

23j. FSS Contract Information (FSS only)		
(1) Initial start date (mm/yyyy) of contract of participation (FSS enrollment report only)		23j(1).
(2) Initial end date (mm/yyyy) of contract of participation (to be entered on the first Progress report after the effective date of the CoP)		23j(2).
(3) Contract date extended to (mm/yyyy) (if applicable)		23j(3).
(4) Number of family members with Individual Training and Services Plan		23j(4).
23k. Escrow account information (FSS only)		
(1) Current account monthly credit		\$ 23k(1).
(2) Current account balance		23k(2).
(3) Account amount disbursed to the family (cumulative as of end of reporting period)		23k(3).
23m. FSS exit information (FSS Exit Report only)		
(1) Did family complete contract of participation? (Y or N)		23m(1).
(2) If (1) is Yes, did family move to homeownership? (Y or N)		23m(2).
(3) If (1) is No, reason for exit (choose one)		

Head of household name	Social Security Number	Date modified (mm/dd/yyyy)
23n. PHA code of PHA that is managing the rental assistance for this FSS participant (May be different from 23d) (FSS only)		23n.

MTW Self-Sufficiency Program

23p. MTW self-sufficiency Contract Information	
(1) Initial start date (mm/yyyy) of contract of participation	23n(1).
(2) Initial end date (mm/yyyy) of contract of participation	23n(2).
(3) Contract date extended to (mm/yyyy) (if applicable)	23n(3).
(4) Number of family members with Individual Training and Services Plan	23n(4).
23q. Escrow account information	
(1) Current account monthly credit	\$ 23p(1).
(2) Current account balance	23p(2).
(3) Account amount disbursed to the family (cumulative as of end of reporting period)	23p(3).
23r. Exit information (complete only for exit report)	
(1) Did family complete MTW self-sufficiency program? (Y or N)	23m(1).
(2) If (1) is Yes, did family move to homeownership? (Y or N)	23m(2).
(3) If (1) is No, reason for exit (choose one)	
23s. MTW self-sufficiency family services table (for FSS go to 23i)	

	(1) Need (Y or N)	(2) Need Met Through Participation in Program (Y or N)
Education/Training		
GED/High school		
Post secondary		
ESL		
Employment Supports		
Job search/job placement		
Job retention		
Vocational/Job training		
Job Readiness		
Transportation		
Child care		
Personal Welfare		
Health services		
Alcohol and substance use prevention and treatment services		
Mental health		
Dental		
Health insurance		
Financial Empowerment		
Homeownership and Homeownership counseling		
Connected to Banking Services at a Mainstream Financial Institution (Checking or Savings)		
Financial Empowerment/coaching		
Digital Inclusion Activities		
Elderly/Persons with Disabilities		
Other		

Notes

CHAPTER 2 Income

LEARNING OUTCOMES

- Upon completion of this chapter, you should be able to calculate income using 24 CFR 5.609, HABC policy 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) and
HABC ACOP, Section 8.3*

- *Annual income* includes, with respect to the family:
 - All amounts, not specifically excluded, 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
 - All amounts received by the head of household, co-head, or spouse, including the income of a day laborer, independent contractor, and seasonal worker are included in annual income regardless of age, unless otherwise excluded
 - If the family has assets with a market value that is greater than \$50,000, annual income shall include the face value of the assets times the passbook savings rate
- 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.
 - HABC staff must follow all regulatory requirements related to income exclusions except where HABC's MTW policy differs.
 - 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.

Income

Section 2.1: Annual Income

INCOME OF VARIOUS HOUSEHOLD MEMBERS*HABC ACOP Section 8.4*

- 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 Elite 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 for adult household members other than the head, spouse, or cohead is excluded [HABC MTW Policy]. All sources of unearned income, except those specifically excluded by the regulations, are included.

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.

Income

Section 2.1: Annual Income

- 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.

HABC MTW Policy

- Earned income of dependent full-time students who is not the head, spouse, or cohead is not included as income.
- 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.

Income

Section 2.1: Annual Income

HABC MTW Policy

- Verification of earned income of adult full-time students (other than head, cohead, or spouse) is not required.
- Full-time student status must be verified.
- Verify student status if the student is 18 years old or older and:
 - The family claims full-time student status for an adult other than the head, spouse, or co-head, and/or
 - The family claims a childcare deduction to enable a family member to further his or her education.
- Student status may be verified through:
 - Letter from the school verifying that the student is attending school full-time
 - Third-party form completed by educational provider
 - Oral verification to clarify information provided in writing by third-party or as independent verification
 - Complete the “Face-to-Face, Telephone call” section of the Third-Party Verification form and attach the applicable third-party form with answers obtained during the oral verification
 - Self-certification may not be used to verify full-time student status
- Enter full-time adult student earned income in Elite and then exclude the income, when the full-time student is not the head of household, cohead or spouse.

Income

Section 2.1: Annual Income

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 full-time student who is not head, spouse or cohead, HABC will exclude the full amount of her employment income. • 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.

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.
 - 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.

Income

Section 2.1: Annual Income

- The PHA should establish a policy regarding these family members since the regulations do not address this issue.

HABC ACOP, Section 14.25.2

- Generally, an individual who is or is expected to be absent from the assisted unit for less than 6 consecutive months per calendar year is considered temporarily absent.

Absence due to medical reasons	If any family member leaves the household to enter a facility such as a hospital, a nursing home, or a rehabilitation center, HABC or the privately owned/managed site will consult with a reliable qualified source as to the likelihood and timing of the family member's return. If the verification indicates that the family member will be living in a nursing home permanently, the family member will be considered permanently absent. If the verification indicates that the family member will return in less than 6 consecutive months, the family member will be considered temporarily absent, as long as rent and other charges remain current. If the person who is determined to be permanently absent is the sole member of the household, assistance will be terminated in accordance with Absence of Entire Family.
Absence due to incarceration	Any member of the household will be considered permanently absent if he/she is incarcerated for 30 consecutive calendar days for drug-related or other criminal activity.
Absence due to foster care	If the family includes a child or children temporarily absent from the home due to placement in foster care, HABC will determine from the appropriate agency when the child/children will be returned to the home. If the time is to be greater than 180 consecutive calendar days from the date of removal of the child(ren), the family may be required to move to a smaller size unit. If all children are removed from the home permanently, the unit size will be reduced in accordance with HABC's occupancy guidelines.

Income

Section 2.1: Annual Income

Parent/legal guardian absent from the unit	When neither a parent nor a legal guardian remains in the household and the appropriate agency has determined that another adult is to be brought into the assisted unit to care for the children for an indefinite period: (1) within 30 calendar days, the proposed caretaker must provide documentation to HABC or the privately owned/managed site that s/he is seeking custody or legal guardianship of the children; (2) within 10 working days of receiving the documentation, HABC or the privately owned/managed site will screen the proposed caretaker; and (3) if the proposed caretaker passes the screening, HABC or the privately owned/managed site will enter into a lease with the proposed caretaker. If the proposed caretaker does not provide the required documentation or does not pass the screening, HABC or the privately owned/managed site will take action to gain possession of the unit. HABC or the privately owned/managed site may obtain periodic updates from social services staff or the attorney representing the children regarding the status of the action to obtain custody or legal guardianship. The caretaker will be allowed to remain in the unit as a visitor until he or she signs the lease or is determined to be ineligible.
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Income

Section 2.1: Annual Income

Absent Student	Full-time students who are 17 and older and attend school away from the home but live with the family during school recesses may, at the family's choice, be considered either temporarily or permanently absent. If the family decides that the member is permanently absent, income of that member will not be included in total household income, the member will not be included on the lease, and the member will not be included for determination of unit size. College students who were part of the family but who now live away from home during the school year and are not considered members of the household may visit for up to 90 days per year without being considered a member of the household. Students under the age of 17 who attend school away from home will not be considered permanently absent. Full-time students who attend school away from the home and live with the family during school recess will be considered temporarily absent from the household.
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Income

Section 2.1: Annual Income

Military families absence	If a household member is temporarily absent and in the military, all military pay and allowances (except hazardous duty pay when exposed to hostile fire and any other exceptions to military pay HUD may define) are counted as income. On a case-by-case basis, HABC and the privately owned/managed sites will make reasonable exceptions with respect to program requirements for active-duty military families, to the extent HABC can do so while responsibly administering the PH program. Exceptions will be granted at HABC's sole discretion and must be approved by the Deputy Chief for Operations or his/her designee. Exceptions may include, but are not limited to: Allowing a guardian who meets HABC's or the privately owned/managed site's screening criteria to move into the assisted unit on a temporary basis to care for any dependents that the military person leaves in the unit. Income of the guardian temporarily living in the unit solely for this purpose is not to be counted in determining family income and rent. Where a member of the family has been called into active duty, allowing the assisted tenancy and dwelling lease to remain in effect for up to 9 consecutive months even though all members of the family are temporarily absent from the assisted unit. Until the member of the family called into active duty returns, allowing for a no-change reexamination and then completing the interim reexamination within 30 calendar days after the military family member returns.
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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.

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.

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. Exclude \$310 per week
4. The head of household is temporarily absent 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 Annualizing Income

HABC ACOP, Section 8.5

- Annual income is calculated by projecting current income forward for a 12-month period.
- This method of income calculation will be used for new admissions, regular, and interim reexamination.
- If an estimate can be made for those families whose income fluctuates from month to month by income averaging, this estimate will be used so that the housing payment will not change from month to month.
- Exception for seasonal income
- On a 3rd occasion of a family reporting a reduction in income within 3 months of a scheduled reexamination, use retrospective (prior years) income to calculate annual income.

HABC ACOP, Section 8.6

- If there will be a change in income, calculate income by applying each income amount to the appropriate part of the 12-month period.
- When a raise is anticipated, calculate income including the raise for the period indicated.
- If HABC or the privately owned/managed site verifies an upcoming increase or decrease in income, annual income will be calculated by applying each income amount to the appropriate part of the 12-month period.

EXAMPLE: KNOWN CHANGES IN INCOME

An employer reports that a full-time employee who has been receiving \$8/hour will begin to receive \$8.25/hour in the eighth week after the effective date of the reexamination.

- HABC or the privately owned/managed site would calculate annual income as follows:
 $(\$8/\text{hour} \times 40 \text{ hours} \times 7 \text{ weeks}) +$
 $(\$8.25/\text{hr.} \times 40 \text{ hours} \times 45 \text{ weeks} =$
 $\$2,240.00 + \$14,850.00 = \$17,090.00)$

Section 2.3 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.

HABC PH Resource Guide

- For individuals who regularly receive bonuses or commissions, verify and then average amounts received for the one-year preceding admission or reexamination, unless the family provides justification for not using this history to anticipate future bonuses or commissions.
- 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.

Section 2.3: Earned Income

PROJECTING EMPLOYMENT INCOME

HABC MTW Policy

- HABC estimates the income of the family for the upcoming 12-month period.
- When verification documents use a range of hours and/or rates, calculate the average number of hours and/or rates using the range provided.

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.

HABC PH Resource Guide

- When available, use paystubs (must be consecutive):
 - 4 paystubs for weekly pay;
 - 2 paystubs for bi-weekly or semi-monthly pay; and
 - 2 paystubs for monthly pay.
- If more than the minimum required paystubs are provided, use only the minimum number required and the most current paystubs provided.
- When the paystubs include overtime, be sure to calculate income using the overtime.

Income

Section 2.3: Earned Income

EXAMPLE OF AVERAGING PAYSTUBS	
- Juana is paid semi-monthly. She provides 4 paystubs: - Paystub 1: \$725.80 for 5/1 - Paystub 2: \$799.93 for 5/15 - Paystub 3: \$730.48 for 4/15 - Paystub 4: \$767.92 for 4/1	
	- Use only the 2 most recent paystubs since bi-weekly pay is calculated using 2 paystubs. $\\$725.80 + \\$799.93 = \\$1,525.73$ $\\$1,525.73 / 2 = \\$762.87$ - Pay is semi-monthly (1st and the 15th) $\\$762.87 \times 24 = \\$18,308.76$ - Round to \$18,309

Income

Section 2.3: 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. He is paid weekly. You have collected the following information:

Dates	Gross Pay	Net Pay
08/18	\$595	\$580
08/25	\$580	\$495
09/01	\$572	\$489
09/08	\$582	\$497
09/15	\$580	\$495

Task: Calculate John's annual income and enter his income on Section 19 (19a through 19h) of the MTW 50058.

19. MTW Income

19a. Family Member Name	No.	19b. Income Code	19c. Calculation (PHA use)	19d. Dollars per year	19e. Income exclusions	19f. Income after exclusions (19d minus 19e)
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
19g., 19h. Column totals				\$ 19g.		\$ 19h.
19i. Total annual income: 18k + 19h						\$ 19i.
19j. Deductions						\$ 19j.
19k. Adjusted annual income: 19i minus 19j						\$ 19k.
Over-Income Status (Public Housing Only)						
19l. What is the applicable over-income limit for families of this size?						\$ 19l.
19m. Is the family's annual income greater than the over-income limit? (Y or N)						19m.
19n. If the family is over-income, note the start date of the 24 consecutive month grace period						19n.

Income

Section 2.3: 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.

CALCULATING INCOME FROM SEASONAL EMPLOYMENT

HABC ACOP, Section 8.19

- To determine annual income for individuals who have seasonal income, HABC or the privately owned/managed site will use past actual income received or earned within the last 12 months of the determination date.
- Therefore, interim reexaminations will not be completed when circumstances change.

Income

Section 2.3: Earned Income

HABC PH Resource Guide

- HABC policy states to use the following type of verification in the following order:
 - EIV: to determine income from the prior year
 - Tax return
 - Original letter from the employer, including dates of employment and prior year income information to accurately calculate income
 - Earnings statements indicating gross pay for the prior year
 - Third-party verification from the employer which includes annual income for the prior year
 - Unemployment benefit letter or printout
 - Use oral verification to clarify information provided in writing by third party or as independent verification.
 - Complete the “Face-to-Face, Telephone call” section of the Third-Party Verification form and attach the applicable third-party form with answers obtained during the oral verification.
 - Only use self-certification if other forms of verification are not available.
- For seasonal income, use:
 - The past four quarters of income as reported by the EIV Income Report (4 quarters prior to the certification date minus 120 days)
 - Tax returns; or
 - Other applicable third-party methods of verification
- Where applicable, be sure to include unemployment and/or off-season employment, for household members with seasonal income.
- In instances where a seasonal or irregular income employee was just hired, request written third-party verification based on proposed employment.

Section 2.3: Earned Income

EXAMPLE OF CALCULATING SEASONAL INCOME

Mary is a teacher with the ABC school district, earning \$2,000 per month. She works for nine months a year. At the time of her regular reexamination, Mary is not working. HABC or the privately owned/managed site runs an EIV income report which has the actual income earned for the prior year. The EIV income report shows income of \$24,053 for the prior year. Mary received \$20,000 for her job as a teacher and collected \$4,053 in unemployment the prior year.

- HABC or the privately owned/managed site would use \$24,053 as her income for the upcoming certification.

Section 2.3: Earned Income

SELF-EMPLOYMENT

*24 CFR 5.609(b)(28) and
HABC ACOP, Section 8.11*

- Annual income includes net income from the operation of a business or through self-employment.
 - Net income equals gross income less expenses.
 - To determine business expenses that may be deducted from gross income, HABC or the privately owned/managed site will use current applicable Internal Revenue Service (IRS) rules for determining allowable business expenses [see IRS Publication 535], unless a topic is addressed by HUD regulations or guidance.
- 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).

Income

Section 2.3: Earned Income

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.

*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.

Income

Section 2.3: Earned 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.
- 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.

Income

Section 2.3: Earned Income

HABC PH Resource Guide

Written third-party verification	The family member's most recent federal tax return, including all schedules and attachments, including (as applicable): • Schedule C for Small Business; • Schedule E for Rental Property Income; • Schedule F for Farm Income. An audited or unaudited financial statement(s) of the business, and any supporting documents, such as manifests, appointment books, cash books, or bank statements. If an audit was not conducted, a business owner or self-employed person must certify its accuracy. If the family member has been self-employed for less than twelve (12) months, require the family to provide documentation of income and expenses for this period and use that information to project income.
Self-certification	Obtain self-certification in addition to supporting documents

- Generally, use the net profit on Schedule C as the annual income from a business. If the net income from a business is negative, enter the business income as \$0; a negative amount will not be used to offset other family income.
- For the initial year of a new business, review the documentation to determine the anticipated net income by averaging and annualizing the year-to-date net income.
- If the family member claims expenses for any of the following, consult with your supervisor for guidance:
 - Expenditures for business expansion;
 - Amortization of capital indebtedness; and/or
 - Depreciation.

Income

Section 2.3: Earned Income

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)

GUARANTEED INCOME PROGRAMS

HABC MTW Policy

- Exclude 100% of income received from an HABC reviewed and approved Guaranteed Income program which is paid to support financial stability and economic equality.

EARNED INCOME DISALLOWANCE

*24 CFR 5.617(e) and (f) and
HABC ACOP, Section 8.33.1*

- 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.

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.

Income

Section 2.3: Earned Income

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
 - 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.
 - HABC policy states 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 2.4 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).

Section 2.4: Income of Students

STUDENT FINANCIAL ASSISTANCE UNDER HOTMA

*24 CFR 5.609(b)(9) and
HABC ACOP, Section 8.8*

- 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 2.4: 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 2.4: 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.

Section 2.4: 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

Section 2.4: 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

Learning Activity 2-3: Student Income

Task: Answer the following questions about the income of students.

Scenario 1: Helen Lovejoy (age 34) is head of household. She lives alone. She is a part-time student at Baltimore City Community College. She receives \$2,000 per school year in Pell Grants. Her actual covered costs to attend school are \$500 per semester. She also has a part-time job at the school bookstore where she earns \$14,000 per year. What is her annual income?

Scenario 2: Maria Muñoz (age 21) lives with her mom who is head of household. She attends school full-time at University of Baltimore. She receives a scholarship for \$1,000 per semester and a Pell Grant of \$1,000 a school year. She also has student loans of \$20,000 per year. Her actual covered costs to attend school are \$10,000 per semester. She works part-time at a restaurant earning \$12,000 per year. What is her annual income?

Scenario 3: Frank Smith (age 28) is head of household. He attends Baltimore City College full-time. He receives a scholarship of \$12,000 per year. His actual covered costs to attend school are \$10,000 per year. He works part-time as a cook and earns \$15,000 per year. What is his annual income?

Section 2.5 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 2.5: 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.

Section 2.5: 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 2.5: Periodic Payments and Nonrecurring Income

HABC PH Resource Guide

- In instances in which EIV is not available or the family disputes the EIV-reported SS and/or SSI benefit amount, use the full amount listed on the SSA Proof of Income Letter, even if the letter states that the benefit is rounded down, and round the final result of the calculation.
- The benefit for SSI is generally separated into two parts: the Federal portion and the State portion. The income for each portion should be calculated by annualizing the total monthly Federal and State portions.
- When the Social Security benefit letter states that the monthly benefit is rounded down to the whole dollar, HABC or the privately owned/managed site will calculate annual income by using the full monthly (not rounded down) benefit before any deductions and round at the final annual calculation.
- The benefit letter is only to be used when Enterprise Income Verification (EIV) is not available or the resident disputes EIV.
- If the person receiving the Social Security or SSI income (the payee) resides in the unit, but the person for whom the benefit is being paid does not, do not include the income in household income.
- A spouse can file for a spousal or widow/er benefit. This is known as dual entitlement. Dual entitlement benefits are identified under Social Security Benefits on EIV. Include dual entitlement benefits in income unless they are identified as “Benefits Not Paid”.

Section 2.5: 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.

Section 2.5: 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.
- HABC ACOP, Section 8.16*
- If the amount of child support or alimony received is less than the amount awarded by the court, HABC or the privately owned/managed site will use the amount awarded by the court unless the family can verify that they are not receiving the full amount.
 - HABC or the privately owned/managed site will accept as verification that the family is receiving an amount less than the award if HABC or the privately owned/managed site receives verification from the agency responsible for enforcement or collection.
 - It is the family's responsibility to supply a certified copy of the divorce decree or other court documents reflecting alimony awarded by the court or verification from the court or agency responsible for enforcing child support payments reflecting the amount of child support payments awarded.
- HABC ACOP, Section 7.24.4*
- The methods HABC and the privately owned/managed sites will use to verify alimony and child support payments will differ depending on whether the family declares that it receives regular payments.
 - If the family declares that it receives irregular or no payments, HABC or the privately owned/managed site will verify payments using a disbursement history provided by the child support enforcement agency.
 - If the family declares that payments are regular, HABC or the privately owned/managed site will use one or more of the following:
 - Copies of the receipts and/or payment stubs from a complete prior six (6) month average

Income

Section 2.5: Periodic Payments and Nonrecurring Income

- Copy of a separation or settlement agreement or a divorce decree stating amount and type of support and payment schedules.
 - Third-party verification form from the state or local child support enforcement agency
 - A notarized letter from the person paying the support.
 - Family's self-certification of amount received and of the likelihood of support payments being received in the future, or that support payments are not being received.
- If there are minors in the household and both parents and/or legal guardians do not reside in the unit, HABC will request 3rd party verification from the Family Court to confirm that no child support is paid.

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.
- However, periodic payments are included if they are received at regular intervals (weekly, monthly, yearly) for a period of greater than one year and can be extended.
- However, HABC excludes 100% of the income received from HABC-reviewed and approved guaranteed income programs which is paid to support financial stability and economic equality.

HABC MTW Policy

Section 2.5: 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.
- 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.

Notice PIH 2023-27

Section 2.5: Periodic Payments and Nonrecurring Income

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).
 - 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.

Section 2.5: Periodic Payments and Nonrecurring Income

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.
 - 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.

Section 2.5: Periodic Payments and Nonrecurring Income

- 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 consider 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 years and will continue to pay them for the upcoming year. The \$100 per month is included as 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.

Section 2.5: Periodic Payments and Nonrecurring 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*HABC ACOP, Section 7.28*

- A zero-income household is one where no household member receives any income, contributions and/or benefits on his/her own behalf or on behalf of another individual in the household.
- A minimal income household is one where the combined gross household income is less than \$2,400 per year.
- Families with only non-recurring income are considered zero income families.
- Households that report zero or minimal income may be required to provide information regarding their means of basic subsistence, such as food, utilities, transportation, etc.
- If the family's expenses exceed the family's known income, HABC or the privately owned/managed site may make inquiry as to the nature of the family's accessible resources.
- HABC or the privately owned/managed site may also review the family information to evaluate possible participation in programs such as TANF or unemployment compensation, and to provide information on social service agencies and other organizations that may be of assistance to families.

Section 2.5: Periodic Payments and Nonrecurring Income

- HABC or the privately owned/managed site may question the family to determine if there is unreported income and to clarify any discrepancies.
- HABC or the privately owned/managed site will require the following when the household claims zero or minimal income at each successive income reexamination:
 - Head or co-head of household must complete a Personal Declaration and Continued Occupancy Application.
 - Completion of a zero income self-certification by each adult household member.
 - EIV check to confirm that no household member has any income or in the case of a minimal income family, to verify the income reported.
 - Verification of any income source received at the certification prior to the claim of zero income or minimal income. For example, if one household member, at the certification prior to the claim of zero income, had wage income, HABC or the privately owned/managed site will verify termination of employment.
- HABC will run an EIV income report every 180 days for zero income and minimal income and will take action for unreported income.

Section 2.5: Periodic Payments and Nonrecurring Income

Learning Activity 2-4: 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 third-party verifies with child support enforcement 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 regular reexam, he states he collects \$1,500 per month workers' compensation. This will last for six months after the effective date of his reexam. 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 which he puts in his checking account. He is living off the money. How much of his lottery winnings are counted as 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?

Section 2.5: 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

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

Section 2.5: Periodic Payments and Nonrecurring Income

- 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
- 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.
- HABC ACOP, Section 8.32
 - HABC or the privately owned/managed site will obtain written verification from the welfare agency stating that the family's benefits have been reduced because of fraud or noncompliance before denying the family's request for rent reduction. HABC or the privately owned/managed site will rely on the welfare agency's written notice to HABC or the privately owned/managed site regarding welfare sanctions.
- 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.

Income

Section 2.5: Periodic Payments and Nonrecurring Income

- 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

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

Section 2.5: Periodic Payments and Nonrecurring Income

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.
- 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.

24 CFR 5.615(d)

Section 2.5: Periodic Payments and Nonrecurring Income

Learning Activity 2-5: 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 19 of the MTW 50058s on the following pages, calculate the Childs family's total annual income (lines 19a through 19h) using the scenarios below.
 - **Scenario 1:** Calculate the imputed welfare income and total income for the family.

Scenario 1 Calculations

19. MTW Income

19a. Family Member Name	No.	19b. Income Code	19c. Calculation (PHA use)	19d. Dollars per year	19e. Income exclusions	19f. Income after exclusions (19d minus 19e)
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
19g., 19h. Column totals				\$ 19g.		\$ 19h.
19i. Total annual income: 18k + 19h						\$ 19i.
19j. Deductions						\$ 19j.
19k. Adjusted annual income: 19i minus 19j						\$ 19k.
Over-Income Status (Public Housing Only)						
19l. What is the applicable over-income limit for families of this size?						\$ 19l.
19m. Is the family's annual income greater than the over-income limit? (Y or N)						19m.
19n. If the family is over-income, note the start date of the 24 consecutive month grace period						19n.

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 19 of the form HUD-50058 MTW.

19. MTW Income

19a. Family Member Name	No.	19b. Income Code	19c. Calculation (PHA use)	19d. Dollars per year	19e. Income exclusions	19f. Income after exclusions (19d minus 19e)
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
19g., 19h. Column totals				\$ 19g.		\$ 19h.
19i. Total annual income: 18k + 19h						\$ 19i.
19j. Deductions						\$ 19j.
19k. Adjusted annual income: 19i minus 19j						\$ 19k.
Over-Income Status (Public Housing Only)						
19l. What is the applicable over-income limit for families of this size?						\$ 19l.
19m. Is the family's annual income greater than the over-income limit? (Y or N)						19m.
19n. If the family is over-income, note the start date of the 24 consecutive month grace period						19n.

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 19 of the form HUD-50058 MTW.

19. MTW Income

19a. Family Member Name	No.	19b. Income Code	19c. Calculation (PHA use)	19d. Dollars per year	19e. Income exclusions	19f. Income after exclusions (19d minus 19e)
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
19g., 19h. Column totals				\$ 19g.		\$ 19h.
19i. Total annual income: 18k + 19h						\$ 19i.
19j. Deductions						\$ 19j.
19k. Adjusted annual income: 19i minus 19j						\$ 19k.
Over-Income Status (Public Housing Only)						
19l. What is the applicable over-income limit for families of this size?						\$ 19l.
19m. Is the family's annual income greater than the over-income limit? (Y or N)						19m.
19n. If the family is over-income, note the start date of the 24 consecutive month grace period						19n.

Section 2.6 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 2.6: 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 2.6: 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 2.6: 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 2.6: 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

EMPLOYMENT BEFORE COMPLETION OF TRAINING PROGRAM

HABC ACOP, Section 8.29

- A resident who has substantially completed a training program to accept a job offer will be eligible for the 18-month exclusion of income.
- “Substantial completion” of a training program is completion of 75% of the program.
- If a resident has completed that portion of the training program necessary to get a job and continues simultaneously with the training program, the 18-month exclusion period will begin on the date the resident started the new job, not the date the resident completes the training program.
- The resident is not required to get a job that is directly related to the training program to be eligible for the exclusion.
- For self-employed residents, HABC and privately owned/managed sites will exclude only the net income of a resident when factoring the earnings.

Income

Section 2.6: Other Types of Income

- The resident is required to notify HABC or the privately owned/managed site within 10 working days of enrolling in a qualifying training program.
- Residents who have a decrease in income because of enrolling in a training program may request an interim examination. HABC or the privately owned/managed site will determine the decrease in incremental income because of the training program and adjust the resident's rent accordingly.
- Residents who do not notify HABC or the privately owned/managed site within 10 working days of starting a training program, and have a decrease in income, will not have their rent adjusted retroactively.

EMPLOYMENT WITH HABC OR RESIDENT ORGANIZATION

HABC ACOP, Section 8.25

- Upon employment with HABC or a privately owned/managed site, or an officially recognized resident organization, the full amount of employment income received by the person is counted. There is no exclusion of income for wages funded under the 1937 Housing Act Programs, which includes public housing and Section 8.

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.

Section 2.6: Other Types of Income

ADOPTION ASSISTANCE PAYMENTS

MTW Policy

- HABC will exclude 100% of adoption assistance payments.

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.

Section 2.6: Other Types of 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).
 - 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.

Income

Section 2.6: Other Types of Income

- Benefits under Section 1780 of the Richard B. Russel School Lunch Act and Child Nutrition Act of 1966
 - Includes WIC and reduced-price lunches.
 - This exclusion also applies to assets.
- 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))

Income

Section 2.6: Other Types of Income

- Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d))
- 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 2.6: 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 2.6: 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 2.6: 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 2.6: 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 3 Assets

LEARNING OUTCOMES

- Upon completion of this chapter, you should be able to identify assets and calculate income from assets using 24 CFR and Section 6 of the 50058, including:
 - Understand HABC's MTW policies on income from assets.
 - Distinguishing between which assets are included and which are not.
 - Identifying assets disposed of for less than fair market value and calculating the amount to be imputed for two years from the date of sale.

Section 3.1 Calculating Income From Assets

HABC ACOP, Section 8.36

- Market Value is the face value of an asset (i.e., the value of a Certificate of Deposit).
- Using its MTW authority, HABC will exclude income from assets where the market/face value of the asset is up to \$50,000.
 - Applicants and participants may self-certify on an asset self-certification form, which is included in the family file. No further verification of assets is required.
- When the market/face value of a family's assets is more than \$50,000, HABC will calculate asset income by taking the market/face value of the family's assets and multiplying that value by the established passbook savings rate.
 - $\text{Market/Face Value} \times \text{Passbook Rate} = \text{Asset Income}$
- Each year HUD publishes a passbook rate based on the Federal Deposit Insurance Corporation (FDIC) National Deposit Rate for savings accounts, which is an average of national savings rates published on a monthly basis.
 - Effective 1/1/24, the current HUD-determined passbook rate is 0.40%. Beginning January 1, 2025, the passbook rate will increase to 0.45%.

Assets

Section 3.1: Calculating Income From Assets

- When the value of assets is greater than \$50,000, third-party verification of assets is required. Acceptable verification may include any of the following:
 - Verification forms, letters, or documents from a financial institution or broker.
 - Passbooks, checking account statements, certificates of deposit, bonds, or financial statements completed by a financial institution or broker.
 - Quotes from a stockbroker or realty agent as to net amount family would receive if they liquidated security or real estate.
 - Real estate tax statements if the approximate current market value can be declared from assessment.
 - Financial statements for business assets.
 - Copies of closing documents showing the selling price and the distribution of the sales proceeds.
 - Appraisals of personal property.

Section 3.2 Types of Assets

- The regulation at 24 CFR 5.603(b)(3) provides a list of things that are excluded from the calculation of net family assets.

BANK ACCOUNTS

- For regular checking accounts and savings accounts, cash value has the same meaning as market value.
- If a checking account does not bear interest, the anticipated income from the account is zero.
- In determining the value of a savings and checking accounts, HABC or the privately owned/managed site will use the current balance from the current statement.
- In determining the anticipated income from an interest-bearing checking or savings account, HABC or the privately owned/managed site will multiply the value of the account by the current rate of interest paid on the account.

INVESTMENT ACCOUNTS

HABC ACOP Section 8.39

- Interest or dividends earned by investment accounts are counted as actual income from assets even when the earnings are reinvested.
- The cash value of such an asset is determined by deducting from the market value any broker fees, penalties for early withdrawal, or other costs of converting the asset to cash.
- In determining the market value of an investment account, HABC or the privately owned/managed site will use the value of the account on the most recent investment report.
- How anticipated income from an investment account will be calculated depends on if the rate of return is known.

Assets

Section 3.2: Types of Assets

- For assets that are held in an investment account with a known rate of return (e.g., savings certificates), asset income will be calculated based on that known rate (market value multiplied by rate of earnings). When the anticipated rate of return is not known (e.g., stocks), HABC or the privately owned/managed site will calculate asset income based on the earnings for the most recent reporting period.

TRUSTS

*HUD Handbook 4350.3 and
HABC ACOP, Section 8.4*

- A trust is a legal arrangement generally regulated by state law in which one party (the creator or grantor) transfers property to a second party (the trustee) who holds the property for the benefit of one or more third parties (the beneficiaries).
- There are two types of trust: revocable and irrevocable.
- A revocable trust is a trust that the creator of the trust may amend or end (revoke). When there is a revocable trust, the creator has access to the funds in the trust account.
- When the creator sets up an irrevocable trust, the creator has no access to the funds in the account.
 - The beneficiary frequently will be unable to touch any of the trust funds until a specified date or event (e.g., the beneficiary's 21st birthday or the grantor's death). In some instances, the beneficiary may receive the regular investment income from the trust but not be able to withdraw any of the principal.
 - The beneficiary and the grantor may be members of the same family. A parent or grandparent may have placed funds in trust to a child. If the trust is revocable, the funds may be accessible to the parent or grandparent but not to the child.
- For revocable trusts:

24 CFR 5.603(b)(4)

Assets

Section 3.2: Types of Assets

- A revocable trust that is under the control of the family is included in net family assets when the grantor is a member of the assisted family.
- If a revocable trust is included in the calculation of net family assets, then the actual income earned by the revocable trust is also included in the family's income. For example, interest earned or rental income if property is held in the trust.
- When a member of the assisted family is the beneficiary of a revocable trust, but the grantor is not a member of the assisted family, the value of the trust is excluded from net family assets. For the revocable trust to be considered excluded, no household member may be the account's trustee.
- For irrevocable trusts:
 - Irrevocable trusts are not under the control of the family. They are excluded from net family assets.
 - Where an irrevocable trust is excluded from net family assets, actual income earned by the trust is excluded for as long as the income from the trust is not distributed.
- For both irrevocable and revocable trusts, if the value of the trust is not considered part of the family's net assets, then:
 - Distributions of the principal or corpus of the trust are excluded;
 - Distributions of income earned by the trust (i.e., interest, dividends, realized gains, and other earnings on the trust's principal) are included;
 - However, distributions of income from the trust when the distributions are used to pay the costs of health and medical care expenses for a minor are excluded.

Assets

Section 3.2: Types of Assets

Type of trust	Irrevocable or revocable
	Grantor is not a member of the household
Is it an asset?	Excluded from net family assets
Actual interest earned	Actual income earned by the trust (e.g., interest) is excluded
Distributions	Counted, unless the distributions are part of the principal (corpus) or used to pay for the health and medical expenses of a minor
Type of trust	Revocable
	Grantor is a member of the household
Is it an asset?	Included from net family assets
Actual interest earned	Actual income earned by the trust (e.g., interest) included as asset income
Distributions	Not considered income to the family

LUMP SUMS*24 CFR 5.609(b)(24)*

- One time lump-sum payments such as inheritances, insurance payments (including payments under health and accident insurance), capital gains, and settlements for personal or property losses are considered in net family assets when these one-time payments are retained in an asset that is not excluded from the definition of net family assets.
 - A lump sum for a deferred periodic payment (such as unemployment and disability compensation, child support and severance pay) is included in annual income.
 - The exception to the deferred periodic payment rule is a lump sum for the delayed start of Social Security or SSI benefits, or a lump sum or prospective monthly amounts of deferred disability benefits from the Department of Veterans Affairs. Lump sums for the delayed start of these payments are not included in annual income and only become assets if the lump sum is retained in an asset that is not excluded from the definition of net family assets.

Section 3.2: Types of Assets

LIFE INSURANCE POLICIES

HABC ACOP, Section 8.40

- The cash value of life insurance policies available to the individual before death is included in net family assets.
 - For example, the surrender value of a whole life policy or a universal life policy.
 - The face value of the policy is not considered an asset.
- Assets do not include the value of a term life insurance policy which has no cash value to the individual before death.

Section 3.2: Types of Assets

RETIREMENT ACCOUNTS

HABC ACOP, Section 7.26

- HABC or the privately owned/managed site will accept written third-party documents supplied by applicants and residents as evidence of the status of retirement accounts. The type of original document that will be accepted depends upon the family member's retirement status.
- Before retirement, HABC or the privately owned/managed site will accept an original document from the entity holding the account with a date that shows it is the most recently scheduled statement for the account but in no case earlier than 6 months from the effective date of the examination.
- Upon retirement, HABC or the privately owned/managed site will accept an original document from the entity holding the account that reflects any distributions of the account balance, any lump sums taken, and any regular payments.
- After retirement, HABC or the privately owned/managed site will accept an original document from the entity holding the account dated no earlier than 12 months before the date of the applicant's eligibility interview or the resident's reexamination that reflects any distributions of the account balance, any lump sums taken, and any regular distributions.

Section 3.2: Types of Assets

OTHER ASSET EXCLUSIONS

- 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 family member being a person with a disability.
- The value of certain education savings accounts such as Coverdell, 529, or “baby bond” accounts created, authorized, or funded by federal, state, or local government.
- Equity in a manufactured home where the family receives HCV assistance.
- Equity in property under the Homeownership Option for which a family receives HCV assistance.
- Family Self-Sufficiency accounts.
- Federal tax refunds or refundable tax credits for a period of 12 months after receipt by the family.
- Interest in Indian Trust lands.
- The entire value of an Achieving a Better Life Experience (ABLE) account.
 - Distributions from the account and actual or imputed income on the account is not counted as income.
 - See Notice PIH 2019-09.

Assets

Section 3.2: Types of Assets

Learning Activity 3-1: Asset Inclusions and Exclusions

Task: Answer the following questions.

Scenario 1: Sally Silverton (age 24) is head of household. She has a non-interest-bearing checking account worth \$4,500. This is her only asset.

Does HABC include or exclude her assets?

May she fill out a self-certification for the account?

Scenario 2: Jack Gomez (age 39) is head of household. He has a savings account worth \$4,500. It pays 1.5% interest annually. This is his only asset.

Does HABC include or exclude her assets?

How much of the income from the savings account (if any) is included in his annual income?

Assets

Section 3.2: Types of Assets

May he fill out a self-certification for the account?

Scenario 3: Steven Saunders (age 28) is head of household. He has a non-interest-bearing checking account with a current balance of \$5,000 and a savings account with a current balance of \$16,000 that pays 1% interest annually. He has a 401k with a market value of \$50,000 where he can withdraw money now without retiring or quitting. The retirement account pays 4% in interest annually which is reinvested in the account.

What is the total market/face value of his assets?

Does HABC include or exclude his assets?

May he fill out a self-certification for his assets?

Section 3.3 Assets Disposed of For Less Than Market Value

24 CFR 5.603(b)(2)

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

HABC ACOP, Section 8.37

- HABC's and the privately owned/managed sites' minimum threshold for counting assets disposed of for less than Fair Market value is \$5,000.00. If the total value of assets disposed of within the two-year period is less than \$5,000.00, they will not be considered an asset.

Assets

Section 3.3: Assets Disposed of For Less Than Market Value

EXAMPLE: ASSETS DISPOSED OF FOR LESS THAN MARKET VALUE

Angela Smith is a program participant. Last month, she sold her home to her daughter for \$5,000. She spent the \$5,000 lump sum paying off credit card debt. The home was valued at \$90,000 and had no loans secured against it. This was her only asset.

\$90,000

- \$ 5,000 received when disposed

\$85,000 imputed income

- The amount to be included in net family assets for 2 years from the date of sale is \$85,000.

Notice PIH 2023-27

- A disposition in trust when the family creates a trust for the benefit of someone outside of the assisted family is considered an asset disposed of for less than fair market value.
- If the family establishes a nonrevocable trust for the benefit of someone in the assisted family, this is not considered disposed of for less than fair market value.
- An asset moved to a retirement account held by a member of the family is not considered an asset disposed of for less than fair market value.

CHAPTER 4 Adjusted Income

LEARNING OUTCOMES

- Upon completion of this chapter, you should be able to calculate adjusted income by correctly deducting HUD-defined allowances from annual income using 24 CFR and HABC policies in the ACOP, including:
 - Identifying who qualifies for the dependent and elderly/disabled allowances.
 - Calculating the disability assistance expense, income cap, 10 percent threshold, and threshold phase-in when there is a hardship, and identifying who and what expenses qualify for the deduction.
 - Calculating the health and medical care expense deduction, 10 percent threshold, and threshold phase-in when there is a hardship, and identifying who qualifies and how to set policies for what expenses qualify.
 - Determining how family composition affects qualifications for deductions and calculating adjusted income using HUD deductions.

ADJUSTED INCOME

24 CFR 5.611

- Adjusted income is calculated using Section 8 of the form HUD-50058.
- Adjusted income is annual income after making mandatory deductions for:
 - Dependents
 - Elderly or disabled families
 - Childcare expenses
 - Health and medical care expenses
 - Disability assistance expenses

Adjusted Income

- Elderly families are families in which the head, spouse, or cohead is 62 or older.
- Disabled families are families where the head, spouse, or cohead is a person with disabilities.
- While live-in aides and foster children and adults are not considered family members, the household includes everyone who lives in the unit, including any PHA-approved live-in aides or foster children/adults.

Section 4.1 Elderly/Disabled Allowance

*CFR 5.403 and
CFR 5.611(a)(2)*

- Families where the head, spouse, or cohead is a person who is at least 62 years of age or a person with disabilities qualify for a \$400 allowance.
- If both the head of household and spouse or cohead are elderly or disabled, the allowance is not doubled.

Section 4.2 Dependent Allowance

*24 CFR 5.603(b) and 24 CFR
5.611(a)(1)*

- \$480 for each family member who is:
 - Under 18 years of age, or
 - Over 18 and
 - A full-time student, or
 - A person with a disability
- The amount will be adjusted annually for inflation, rounded to the next lowest multiple of \$25. HUD will announce the adjustment no later than September 1 each year. PHAs must implement the adjusted deduction for all reexams effective January 1 or later of that year.
 - The amount for 2025 will still be \$480
- The head, spouse, cohead, foster children, foster adults, and live-in aides are never dependents.

Section 4.3 **Childcare Expenses**

*24 CFR 5.603 (b) and 24 CFR
5.611 (a)(4)*

- Reasonable, unreimbursed childcare expenses paid by the family for the care of children under 13 years of age (age 12 and under) may be deducted where the care is necessary to enable a family member to:
 - Actively seek employment; or
 - Be gainfully employed; or
 - Further their education.
- The expense may not be reimbursed by any agency or individual outside the home.
- To verify the family member is working, obtain verification of employment during the time the childcare is being provided.
- To verify the individual is furthering their education, obtain verification the family member is enrolled in school (academic or vocational) or participating in a formal training program.
- To verify the individual is seeking work, obtain verification they are looking for work like a job search log with name and contain information.
- Applicant/participant completes the Eligibility for Deduction of Child Care Expense Self-Certification form.
- PHAs determine whether childcare costs are reasonable and clearly identify what costs are reasonable in their policies.
 - Reasonable means reasonable for the care being provided.
 - Reasonable costs for in-home care may be very different from reasonable day care center costs.
 - The amount of the expense may not exceed the amount HABC has determined to be reasonable (use the Maryland Child Care Resource Network guidelines)

*PH Occ GB, Income
Determination, p. 32*

Adjusted Income

Section 4.3: Childcare Expenses

- When canceled checks/money orders are used to verify income/expenses, use the same guideline for the number of required checks/money orders as with paystubs. Weekly = 4, Bi-weekly = 2, Monthly = 2.
- Families choose the type of care to be provided.
 - PHAs do not have the discretion to limit deductions to certain types of care, i.e., in-home care instead of at a child care center.
 - A PHA may not disallow a deduction for child care expenses because there is an unemployed adult family member who may be available to provide the care.
 - A PHA may not decide the type of child care available for a participant's children.
 - When inquiring about childcare expenses, PHAs are encouraged to clarify that the person and/or childcare facility does not need to be licensed to provide care and may also include relatives outside of the home; however, all expenses should be verifiable by third-party request.
 - The childcare provider cannot be a member of the assisted household.
- Childcare expenses deducted to permit employment may not exceed the amount of employment income included in annual income.
 - When more than one family member works, the PHA must determine which family member is being enabled to work because childcare is provided.
 - A general rule is to assume that the childcare expenses enable the lowest paid individual to work unless this is obviously not the case.

*HCV Program GB 5-29
through 30*

Section 4.3: Childcare Expenses

EXAMPLE: CHILDCARE EXPENSES

Holly and Ray Hawes have two children under the age of 13. Ray has been working full-time for the last 5 years and earns \$40,000 per year. After not working for the last several years, Holly recently started working part-time and earns \$20,000 per year. While she is at work, the family pays for childcare for their two children.

- Since Holly is enabled to work by the child care, the PHA would use Holly's income of \$20,000 per year as the cap on the family's childcare expense deduction.

Learning Activity 4-1: Dependent and Childcare Allowances

Scenario: Becky Walker (age 30) is a new admission to the program. She has three children under the age of 13. She is not a person with disabilities.

- She works full-time (40 hours per week) and makes \$8.00 an hour.
- She receives \$75 per week in food stamps.
- The PHA verifies she does not receive child support.
- Becky declares she has a non-interest-bearing checking account with an average six-month balance of \$300. This is her only asset.
- She is paying a total of \$60 out-of-pocket per week for all three children for childcare while she works. The PHA has determined that this amount is reasonable.
- The PHA does not have any permissive deductions.

1. Does HABC include or exclude Becky's assets?

2. What is Becky's annual income?

3. What is Becky's childcare?

4. What is her adjusted income?

Section 4.4 Disability Assistance Expenses

*CFR 5.603(2)(b) and
CFR 5.611(3)(ii)*

- Families may deduct reasonable anticipated expenses for attendant care and auxiliary apparatus for family members with disabilities:
 - If they are necessary to enable any family member to be employed (This may be the family member with the disability).
 - Provided that the expenses are neither paid to a member of the family nor reimbursed by an outside source.

- This deduction may not exceed the combined earned income received by family members who are able to work because of such qualified expenses.

- This allowance is equal to the amount by which the cost of the care attendant or auxiliary apparatus (in combination with any health and medical care expenses) exceeds 3 percent of annual income.

*PH Occ GB, Income
Determinations, p. 28*

- Auxiliary apparatuses are items such as wheelchairs, ramps, adaptations to vehicles, or special equipment to enable a blind person to read and write, but only if these items are directly related to permitting the disabled person or other family member to work.

*PH Occ GB, Income
Determinations, p. 29*

- When a care provider takes care of children age 12 and under, plus a person with disabilities who is 13 years of age or older, expenses must be prorated appropriately since rules differ in treatment of child care and disability assistance expenses.

Section 4.4: Disability Assistance Expenses

EXAMPLE: DISABILITY ASSISTANCE EXPENSES

Head of household Graham Green (age 47) is not disabled. He has a 14-year-old son George who is a person with disabilities. Graham works full-time and earns \$35,000 per year. While he is at work, a care attendant cares for George after school each day and charges \$250 per week.

- Is the cost a childcare cost?
 - No, the son is 14.
- Is the cost a disability assistance expense?
 - Yes, the attendant care enables a family member to work.
- Disability Assistance Expense
 - \$35,000 annual income x 3% = \$1,050
 - \$250 x 52 = \$13,000
 - \$13,000 - \$1,050 = \$11,950
- Total Allowable Disability Assistance: \$11,950
 - + Total Dependent allowance: \$480
 - Total allowance: \$12,430
 - Adjusted Annual Income:
\$35,000 - \$12,430 = \$22,570

Section 4.5 Health and Medical Care Expenses

HABC ACOP, Section 8.44

- Unreimbursed health and medical care expenses may be deducted to the extent that, in combination with any disability assistance expenses, they exceed 10 percent of annual income.

EXAMPLE: HEALTH AND MEDICAL CARE EXPENSES

Doug (age 65) and Sheryl (age 55) have out-of-pocket health and medical care expenses totaling \$5,000 per year. Their combined annual income is \$43,000 per year.

- 3% of annual income is \$1,290
- \$5,000 in health and medical care expenses - \$1,290 = \$3,710 health and medical care expense deduction
- \$3,710 health and medical care expense deduction + \$400 elderly/disabled deduction = \$4,110
- Adjusted income = \$43,000 - \$4,110 = \$38,890

- This deduction is permitted only for families in which the head, spouse, or cohead is at least 62 or is a person with disabilities.
- If a family is eligible for a health and medical care expense deduction, the health and medical care expenses of all family members are counted.
- The PHA calculates health and medical care expenses based on the family's past expenses, but accounting for any anticipated changes in expenses during the certification period.
- HUD regulations define health and medical care expenses as any costs incurred in the diagnosis, cure, mitigation, treatment, or prevention of disease or payments for treatments affecting any structure or function of the body. Health and medical care expenses include medical insurance premiums and long-term care premiums.

24 CFR 5.603(b)(2)

Section 4.5: Health and Medical Care Expenses

- Although HUD revised the definition of health and medical care expenses to reflect the Internal Revenue Service (IRS) general definition of medical expenses, HUD is not permitting PHAs to specifically align their policies with IRS Publication 502. PHAs must review each expense to determine whether it is eligible in accordance with HUD's definition of health and medical care expenses.
- While PHA policies may not specifically align with IRS Publication 502, HUD recommends PHAs use it as a standard for determining allowable medical expenses. The PHA may list examples of allowable expenses in their policy as long as they comply with the definition of health and medical care expenses in 24 CFR 5.603. The PHA may not define health and medical care expenses more narrowly than the regulation.
- The most current IRS Publication 502, Medical and Dental Expenses, will be used to assist in determining the costs that qualify as health and medical expenses; however HABC will review each expense to determine whether it is eligible in accordance with HUD's definition of health and medical care expenses.
- Over-the-counter products will not be eligible for deductions as medical expenses unless they are accompanied by a doctor's prescription.

HABC ACOP Section 8.44

Adjusted Income

Section 4.5: Health and Medical Care Expenses

Summary of Allowable Health and Medical Expenses from IRS Publication 502 which are consistent with HUD's definition of health and medical care expenses.

• Services of medical professionals • Surgery and medical procedures that are necessary, legal, non-cosmetic • Services of medical facilities • Hospitalization, long-term care, and in-home nursing services • Prescription medicines and insulin, • Improvements to housing directly related to medical needs (i.e., ramps for a wheelchair, handrails)	• Substance abuse treatment programs • Psychiatric treatment • Ambulance services and some costs of transportation related to medical expenses • The cost and care of necessary equipment related to a medical condition (i.e., eyeglasses/lenses, hearing aids, crutches, and artificial teeth) • Cost and continuing care of necessary service animals • Medical insurance premiums or the cost of a health maintenance organization (HMO)
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Note: This chart provides a summary of eligible medical expenses only. Medical expenses are considered only to the extent they are not reimbursed by insurance or some other source.

- Out-of-pocket Medicare insurance premiums are an allowable health and medical care expense.
- For applicants or when a participant disputes the amount in EIV, use the Social Security aware letter to verify Medicare payments.
 - For participants, EIV is used to verify Medicare insurance premiums. Families do not receive Medicare if the EIV displays "EIV received no benefit data."
-

Section 4.5: Health and Medical Care Expenses

Learning Activity 4-2: Health and Medical Care Expenses

Scenario: Scenario: Glenn (age 71) and Geri (age 72) are new admissions to the program. Their combined annual income is \$15,000 from Social Security. Their only asset is a joint, non-interest-bearing checking account worth \$8,000.

- They have the following anticipated health and medical care expenses:
 - Glenn visits his doctor twice a year. His out-of-pocket cost is \$25 per visit.
 - Glenn wears a hearing aid. Battery replacement costs \$10 every six months.
 - Glenn's Medicare premium is \$164 per month.
 - Geri fills three prescriptions each month. It costs \$9 per prescription.

1. Does HABC include or exclude their assets?

2. What is their total eligible health and medical care expense deduction?

3. What is their adjusted income?

Section 4.5: Health and Medical Care Expenses

HOUSEHOLDS ELIGIBLE FOR THE DISABILITY ASSISTANCE EXPENSE AND HEALTH AND MEDICAL CARE EXPENSES

*PH Occ GB, Income
Determination, p. 31*

- If an elderly or disabled family has both health and medical care and disability assistance expenses, a special calculation is required to ensure that the family's 3 percent share is only applied once.
- Because the disability assistance expense is limited by the amount earned by the person enabled to work, the disability allowance must be calculated before the health and medical care allowance.
- When the family has disability assistance expenses greater than or equal to 3 percent of annual income, the allowance for health and medical care expenses will be equal to the family's health and medical care expenses.
- When a family has disability assistance expenses that are less than 3 percent of annual income, the family will receive no allowance for disability assistance expense.
- However, the health and medical care expense allowance will be equal to the amount by which the sum of both disability and health and medical care expenses exceeds 3 percent of annual income. (Total disability assistance expense is added to the total health and medical care expenses, and then the 3 percent threshold is subtracted to determine the health and medical care/disability assistance allowance.)
- If the disability assistance expense exceeds the amount earned by the person enabled to work, the disability assistance allowance will be capped at the amount earned by that individual.
- However, when the household is also eligible for a health and medical care expense allowance, the 3 percent may have been exhausted in the first calculation. Then it will not be also applied to the health and medical care expenses.

Learning Activity 4-3: Calculating Adjusted Income**Scenario:**

- The Eva family are new admissions to the program. The Eva family consists of head of household Anthony (age 47) and spouse Kristy (age 45). Kristy is a person with disabilities. They have two children (ages 9 and 10). The PHA has the following information:

- SSI for Kristy:	\$	8,250
- SSI for one of the children:	\$	7,500
- Employment income for Anthony:	\$	18,750
- Annual income from assets:	\$	0
- Out of pocket health and medical care expenses:	\$	3,000
- Out-of-pocket child care expenses (enables Anthony to work):	\$	50/week

1. What is the family's annual income?

2. What is the family's allowable childcare expense deduction?

3. What is the family's allowable health and medical care expense?

Section 4.5: Health and Medical Care Expenses

4. What is the family's adjusted income?

Section 4.5: Health and Medical Care Expenses

Notes

CHAPTER 5 Verification

LEARNING OUTCOMES

- Upon completion of this chapter, you should be able to:
 - Recognize the requirements for verification of income, allowances, and expenses, including:
 - Discussing HABC's MTW verification hierarchy and how it relates to PHA practice and policy
 - Recalling the importance of documentation in the verification process
 - Identifying the role of HUD's EIV system and when to use it in the verification process
 - Review HABC's consent form requirements.

Section 5.1 Consent Form Requirements

MTW AUTHORIZATION FOR RELEASE OF INFORMATION

HABC MTW Policy

- Applicants and residents, including all adults (i.e., 18 years of age) in their households, are required to sign the MTW Authorization for Release of Information (MTW Release Form).
- Failure to sign the Release Form will result in the denial of eligibility or termination of assisted housing benefits. Revocation of consent will result in denial of admissions or termination of assistance.
- In March 2024, existing participants must sign the MTW Release Form at their next regular or interim reexamination. Thereafter, family members do not need to sign and submit subsequent consent forms at the next interim or regularly scheduled income examination except under the following circumstances:
 - When any person 18 years or older becomes a member of the family, that family member must sign and submit a consent form
 - When a member of the family turns 18 years of age, that family member must sign and submit a consent form
- The MTW Release Form is signed once by all adults age 18 and over and any adult added to the family or household member turning 18.

Section 5.1: Consent Form Requirements

- This document authorizes HABC to request income information from:
 - State wage information collection agency
 - Income information, wages, income, and resource information from financial institutions
 - Net earnings from self-employment
 - Payments of retirement income
 - Unearned income as referenced at 26 U.S.C. 6103
 - Other Federal collection agencies in order to verify household income
- The release form will remain effective until the earliest of:
 - The rendering of a final adverse decision for an assistance applicant;
 - The cessation of a participant's eligibility for assistance from HUD or HABC; or
 - The express revocation by the assistance applicant or recipient (or applicable family member) of the authorization in a written notification to HUD.

Section 5.2 HABC Hierarchy of Verification Methods

HABC ACOP, Section 7.1

- HABC will follow verification guidance in its approved MTW Plans and where not specifically stated in an MTW Plan, HABC and the privately owned/managed sites will follow verification guidance provided by HUD.

HABC MTW Policy

- HABC and the privately owned/managed sites will use the most reliable form of verification that is available.
- In order of priority, the forms of verification that HABC and the privately owned/managed sites will use are:
 1. Up-front Income Verification using HUD's Enterprise Income Verification system and the Income Validation Tool (IVT)
 2. Up-front Income Verification using a non-HUD system
 3. 3rd Party Verification which includes Written Third Party Verification (may be provided by applicant or resident), Written Third-party Verification Form, and Oral Third-party Verification
 4. Self-certification

Section 5.2: HABC Hierarchy of Verification Methods

UP-FRONT INCOME VERIFICATION (UIV)

- UIV is the verification of income through an independent source that systematically and uniformly maintains income information in computerized form for a large number of individuals.
- There may be legitimate differences between the information provided by the family and UIV-generated information. If the family disputes the accuracy of UIV data, no adverse action can be taken until the PHA has independently verified the UIV information and the family has been granted an opportunity to contest any adverse findings through the informal review/hearing process of the PHA.
- HUD's Enterprise Income Verification (EIV) System is a type of UIV system. The EIV is a web-based application which provides PHAs with employment, wage, unemployment, and Social Security benefit information for participants in the Public Housing and Housing Choice Voucher programs.
 - Information in EIV is derived from computer matching programs with the Social Security Administration (SSA) and the Department of Health and Human Services.

EIV FOR VERIFICATION

- The EIV Income Report is not available for applicant families or new members added to a currently assisted household.
- PHAs are required to obtain an EIV Income Report for each family any time the PHA conducts a regular reexamination. However, PHAs are not required to use the EIV Income Report during any interim reexaminations.

Section 5.2: HABC Hierarchy of Verification Methods

- When required to use the EIV Income Report, in order for the report to be considered current, the PHA must pull the report within 120 days of the effective date of the regular reexamination.
- Print and place EIV Income reports in the file for every regular reexamination.
- If a participant requests a copy of the EIV Report, provide only the information that pertains to the individual requesting the information. Do not provide EIV data for other household members.
- Compare EIV Income reports to family-provided information and reconcile and document discrepancies.
- Determine if the EIV report reveals an income source that was not reported by the participant (and remember to check the New Hires section).
- If the EIV income report or IVT report show a discrepancy between the self-certified income and actual income, Staff must follow up if the discrepancy is \$5,000 or more. Follow-up means, obtain third party verification of income for the period being reviewed and determine if the family owes back rent from underreported income.
- Verification of employment/unemployment benefit status is required if the last reported EIV wage, hire date, or benefit payment is four quarters or less from the date the EIV report was run when the participant claims that he/she:
 - Is not working for the employer, or
 - Is not receiving unemployment benefits, or
 - Does not report the income/benefits.

Section 5.2: HABC Hierarchy of Verification Methods

- While EIV is mandatory, UIV using other sources is optional.
- Current UIV resources include the following:
 - State government databases/SWICA
 - State Temporary Assistance for Needy Families (TANF) systems
 - Credit Bureau Association (CBA) credit reports
 - Internal Revenue Service (IRS) tax transcript (request with IRS form 4506-T)
 - Private sector databases (e.g., The Work Number)
 - Only used upon authorization from the Manager when and if there are income discrepancies, potential fraud or unreported income

THIRD-PARTY VERIFICATION

- HABC will use the following hierarchy to verify program information.
- Third party verification includes the following in no specific order:
 - Third party written verification
 - Third party written verification form
 - Oral verification
- HABC may accept any of the third-party methods above to verify income, expense, and family information before moving to a lower form of verification.
- HABC staff must document all verification attempts in the file and allow 5 business days for receipt of requested verification before re-requesting verification. If no response is received within 5 business days, the next verification method should be used.

Section 5.2: HABC Hierarchy of Verification Methods

- In cases where there is specific policy requirement for verification of program information, HABC will follow the item specific policy guidance. For example, oral verification of a Social Security Number is prohibited.

WRITTEN THIRD-PARTY VERIFICATION

- An original or authentic document generated by a third-party source.
 - Called “tenant-provided verification”
 - Includes documents provided by the family.
 - Printouts from web pages may be considered original documents
- For written third-party verification, documents must be original and authentic and may be supplied by the family or received from a third-party source.
 - Examples of acceptable tenant-provided documents include, but are not limited to pay stubs, payroll summary reports, employer notice/letters of hire/termination, SSA benefit verification letters, bank statements, child support payment stubs, welfare benefit letters and/or printouts, and unemployment monetary benefit notices. Income tax returns with corresponding official tax forms and schedules attached and including third-party receipt of transmission for income tax return filed (i.e., tax preparers transmittal receipt, summary of transmittal from online source, etc.) are also considered acceptable as written third-party verification.
- Written Third-Party Document is mandatory:
 - To supplement EIV-reported income sources;
 - When EIV has no data;
 - For non-EIV reported income sources.

Section 5.2: HABC Hierarchy of Verification Methods

- Any documents submitted for verification must be original (not photocopies) and generally must be dated within 120 calendar days of the date they are provided to HABC. Generally, documents submitted for verification will remain valid for 150 calendar days from the date of receipt.
 - For example, if a document was received by HABC on 3/1/25, the document must be dated within 120 days before 3/1/25, which means it would need to be dated 11/1/24 or later. The document would remain valid for 150 days after 3/1/25, which would mean it would remain valid until 7/29/25.
- Unless otherwise stated, HABC and the privately owned/managed sites will accept documents dated more than 6 months before the date of the applicant's eligibility interview or the resident's reexamination if the document represents the most recent scheduled report from a source.
 - For example, a pension annuity only provides annual reports, HABC and the privately owned/managed sites would accept the most recent report.
- HABC will accept a statement dated within the appropriate benefit year for fixed income sources.
 - For example, HABC will accept a SS benefit letter dated any time in 2025 for a 2025 reexamination, even if the date on the benefit letter is more than 120 days from the date it was received by HABC.
- The HABC staff member or the privately owned/managed site staff member who views the original document will make a photocopy and date stamp the copy with the date the document was received.

Section 5.2: HABC Hierarchy of Verification Methods

- For verification of wages using paystubs (written third party verification), HABC and the privately owned/managed sites require 4 pay stubs for weekly pay, 2 pay stubs for bi-weekly or bi-monthly pay, and 2 pay stubs for monthly pay. The pay stubs must be consecutive.
- If an applicant/resident provides more than the minimum required pay stubs for verification, HABC or the privately owned/managed site will use only the minimum number of paystubs required and will ensure that the pay stubs used reflect the most current paystubs provided.
- The PHA may reject documentation provided by the family if the document is not an original, if the document appears to be forged, or if the document is altered, mutilated or illegible.
 - The PHA must explain this to the family and request additional documentation.
- No white out or Post-it notes should be on any documents in the file.
- Applicants/participants and staff must both initial any changes made to documents.
- Staff member who views the original document must date stamp the copy with the date the document was received.
 - Birth certificates, photo IDs and SS cards do not require a date stamp

Section 5.2: HABC Hierarchy of Verification Methods

WRITTEN THIRD-PARTY VERIFICATION FORM

- This form of verification is also known as traditional third-party written verification. A written third-party verification form is a standardized form used to collect information from a third-party source.
- When Written Third-Party Form is requested, the participant must provide the required contact information for the verifier and must sign and date the release portion of the third-party form.
- Written-Third Party Form is mandatory when:
 - Written Third-party Documents are rejected by HABC;
 - When there are discrepancies between third-party documents and participant-reported information; and
- When there is an unreported source of income or a substantial difference in family-reported income and there is no UIV or client-provided third-party documentation to support the discrepancy.
- If the request is sent by fax, ensure that all sections of fax cover sheet are completed and attach the fax cover sheet to the Written Third-Party Form and send to verifier. The date on the fax cover sheet must be the date you send the fax.
- Maintain a copy of the request in the file. Include the applicable attachment with the date the request was sent (i.e., fax cover sheet).
- If the source responds verbally to the initial written request, accept the oral response and do not request additional written third-party verification. Document the information in the “Face-to-Face, Telephone call” section of the Third-Party Verification Form and attach the third-party form with verified information.

Section 5.2: HABC Hierarchy of Verification Methods

THIRD-PARTY ORAL VERIFICATION

- Oral third-party is an acceptable form of third-party verification.
- For third-party oral verification, PHAs contact sources, identified by UIV techniques or by the family, by telephone.
- Information received orally from third parties may be used either to clarify information provided in writing by the third parties or as independent 3rd party verification.
- Maintain a record of the oral request in the file.
- The call must be initiated by HABC.
- Staff must document: With whom they spoke; the date of the conversation; and the facts provided.
- If clarifying information provided in writing, attach the applicable Written Third-Party Form to the Oral Third-Party Verification Form.
- For example, if you are verifying employment, attach the Employment Verification Form to the Third-Party Verification Form.
 - If the verifier is available and willing to provide information, ask the verifier all of the questions on the applicable third-party form.
 - If the verifier is unavailable or unwilling to provide information, document the failure to obtain oral verification in the “Face-to-Face, Telephone call” section of the Third-Party Verification Form and place the form in the file.

Section 5.2: HABC Hierarchy of Verification Methods

THIRD-PARTY VERIFICATION NOT REQUIRED

- Third party verification will not be required under the following circumstances:
 - If there is a service charge for third party verification, HABC or the privately owned/managed site will assume that third party verification is not available and use the next level of verification according to the verification hierarchy set forth in section 7.3 of this chapter.
 - Third-party verification is not required when legal documents are the primary source, such as a birth certificate or other legal documentation of birth.
 - HABC or the privately owned/managed site will accept a self-certification from the family as verification of assets disposed of for less than fair market value.
 - HABC or the privately owned/managed site will accept a self-certification of asset income and value if the family's assets are valued up to \$50,000.

LEVEL 1: SELF-CERTIFICATION

- Self-certification, or “resident declaration,” is used as a last resort when HABC or the privately owned/managed site is unable to obtain third-party verification.
- When information cannot be verified by a third party or by review of documents, family members will be required to submit self-certifications attesting to the accuracy of the information they have provided to HABC or the privately owned/managed site.
- HABC or the privately owned/managed site will document the file with attempts to obtain higher forms of verification before relying on self-certification.
- The self-certification must be made in a format acceptable to HABC or the privately owned/managed site and must be signed by the family member whose information or status is being verified.

Section 5.2: HABC Hierarchy of Verification Methods

- All self-certifications must be signed in the presence of an HABC representative or notary public.
- Participant declaration cannot be used to verify:
 - Social Security Benefits
 - SSI Benefits
 - Public Assistance
 - Disability
 - Unemployment Benefits
 - VA Pension
 - Court Ordered Child Support
 - Worker's compensation
 - Unreimbursed medical expenses
 - Full-time student status
- HABC may require that a participant self-certify that he/she does NOT receive a particular type of income or benefit.

Section 5.2: HABC Hierarchy of Verification Methods

Learning Activity 5-1: Verification

Task: Answer the following questions about HABC verification requirements.

Scenario 1: A family consists of head of household Walter Williams (age 40), his wife Wanda (age 40) and their two children, Sally (age 8) and Steven (age 19). They are new admissions to the program effective May 1, 2025.

1. Who in the family is required to sign the MTW Release Form?
 - a. Everyone
 - b. Everyone except Sally
 - c. Everyone except Sally and Steven
 - d. Nobody. The form is not signed at admission. It's only signed at regular reexamination.
2. If the family signs one at admission, will they be required to sign a new MTW Release Form at their first regular reexam?
 - a. Yes
 - b. No
3. Two years after they move in, the family adds an adult household member. Will the adult household member be required to sign an MTW Release Form?
 - a. Yes
 - b. No

Section 5.2: HABC Hierarchy of Verification Methods

Scenario 2: Hannah works for HABC and is performing a regular reexam for the Willis family which consists of head of household Willy (age 50) and his adult son William (age 30). The reexam will be effective on May 1, 2025. Answer the following questions related to the regular reexam.

1. When must the EIV Income Report be pulled for the family?
 - a. No earlier than 60 days before May 1
 - b. No earlier than 120 days before May 1
 - c. Only on May 1
 - d. Never. The EIV Income report is not used for regular reexaminations.
2. Hannah finds a discrepancy on the EIV Income report between the income the family claims and the income listed in EIV. The discrepancy is \$10,000 per year. What should Hannah do?
 - a. Immediately terminate the family's assistance
 - b. Nothing, the information provided by the family is more recent than the wage information listed in EIV
 - c. Investigate the discrepancy
3. The head of household, Willy, requests a copy of the EIV Income report. What must Hannah do?
 - a. Immediately provide him with a copy of the entire report
 - b. Not provide him with the report since the information in it is confidential
 - c. Provide him with only the information that pertains to himself but not information related to his son William
 - d. Mail him a copy of the report once his reexam has been processed

Section 5.2: HABC Hierarchy of Verification Methods

Scenario 3: Anna Alred (age 45) is turning in paperwork for her regular reexam. She has worked at Brandy's Bakery for the last two years. Her husband Trevor collects SSI. Their daughter Lucy (age 19) lives with her. She's a full-time student at Baltimore Community College. She is not cohead. She works part-time at the bakery as well.

1. How should HABC verify Trevor's SSI?
 - a. Using EIV (provided he agrees with the amount in EIV)
 - b. Using the SS award letter
 - c. By sending a third-party verification form to the Social Security Administration
 - d. With self-certification
2. How should HABC verify Anna's job?
 - a. By confirming employment in EIV and calculating income using paystubs
 - b. By calling the bakery and doing an oral verification of employment
 - c. Through The Work Number
 - d. With self-certification
3. How should HABC verify Lucy's job?
 - a. By confirming employment in EIV and calculating income using paystubs
 - b. By calling the bakery and doing an oral verification of employment
 - c. Through the Work Number
 - d. Her employment doesn't need to be verified because it's fully excluded income
4. May HABC accept self-certification of Lucy's student status?
 - a. Yes
 - b. No

Section 5.2: HABC Hierarchy of Verification Methods

Notes

CHAPTER 6 Rent Calculation

LEARNING OUTCOMES

Upon completion of this chapter, you should be able to:

- Calculate rent using annual and adjusted income
- Calculate TTP using total monthly income, minimum rent, welfare rent, and adjusted monthly income
- Determine the role of the utility allowance and when a family would receive a utility reimbursement payment
- Describe the regulations governing the minimum rent and the process for minimum rent hardship exemptions
- Distinguish between and calculate income-based rent, and flat rents
- Calculate prorated rent for mixed families

Section 6.1 Total Tenant Payment and Utility Allowance

TOTAL TENANT PAYMENT

CFR 5.628

- Total Tenant Payment (TTP) is the highest of the following amounts, rounded to the nearest dollar:
 - 30% of family's monthly adjusted income
 - 10% of family's monthly income
 - PHA's minimum rent (\$0 - \$50 depending on PHA policy)
 - HABC has a minimum rent of \$0 but some privately owned sites may have a minimum rent
 - For public housing only, the alternative non-public housing rent for non-public housing over-income (NPHOI) families
- For public housing only, the alternative non-public housing rent for non-public housing over-income (NPHOI) families

Section 6.1: Total Tenant Payment and Utility Allowance

Learning Activity 6-1: Assets, Income, Adjusted Income, and TTP

Scenario:

- Troi Hunter is an applicant to the program. She is 28 years old and is not a person with disabilities. She has two children under the age of 12. Her 9-year-old daughter Teri is a person with disabilities who receives \$200 per month in SSI.
- Troi self-certifies that she has a non-interest-bearing checking account worth \$175 and a savings account worth \$200 that earns \$2 in interest annually. Teri has a non-interest-bearing checking account worth \$200.
- Troi works full-time (40 hours per week) earning \$21 per hour.
- Troi has annual unreimbursed childcare expenses of \$250 per week total for both children.
- HABC's minimum rent is \$0.

Task: Using the information above, answer the following questions.

1. Does HABC include any income from assets in the family's annual income?
Why or why not?

-
2. What is the family's annual income?

-
3. What is the family's adjusted income?
-

Section 6.1: Total Tenant Payment and Utility Allowance

4. What is the family's TTP?

Section 6.1: Total Tenant Payment and Utility Allowance

MINIMUM RENT

APPLYING MINIMUM RENTS

CFR 5.630

- HUD requires PHAs to implement a minimum rent of zero to \$50.

- The minimum rent refers to the total tenant payment.

HABC ACOP, Section 9.4

- HABC has a minimum rent of zero.
- There are privately owned sites that have an approved minimum rent that exceeds zero.
- Where a minimum rent is established, residents will be required to pay at least the amount established as the minimum rent.

EXEMPTIONS TO MINIMUM RENT

CFR 5.630

- HUD requires PHAs to adopt “hardship exemption” policies
- Financial hardship policies apply to sites that have established a minimum rent.
- The PHA must grant an exemption from payment of minimum rent if the family is unable to pay minimum rent because of financial hardship, as described in the PHAs written policies.
- Financial hardship includes these situations:
 - The family has lost eligibility for, or is awaiting an eligibility determination for, a Federal, State, or local assistance program.
 - Includes a noncitizen, lawfully admitted for permanent residence, family member who would be entitled to public benefits except for title IV of the Personal Responsibility and Work Opportunity Act of 1996
 - The family would be evicted because it is unable to pay the minimum rent

Section 6.1: Total Tenant Payment and Utility Allowance

- The income of the family has decreased due to changed circumstances, including:
 - Loss of employment
 - Death in the family
- The financial hardship exemption only applies to the payment of minimum rent and not to other elements used to calculate the total tenant payment.
- HABC policy states that to qualify for a minimum rent hardship exemption, a family must submit a request for a hardship exemption in writing. The request must explain the nature of the hardship and how the hardship has affected the family's ability to pay the minimum rent.
- When a family requests a minimum rent hardship exemption, application of the minimum rent will be *suspended* beginning the month following the family's hardship request.
- During the minimum rent suspension period, the PHA must not charge the family a minimum rent, or, if applicable, discontinue charging the family a minimum rent.
- The PHA may not evict the family for nonpayment of minimum rent during the 90-day period beginning the month following the family's request for a hardship exemption.

1. NO qualifying financial hardship

- If the PHA determines there is no hardship covered by the statute, a minimum rent is imposed retroactively to the time of suspension.
- The family must pay any back rent on terms and conditions established by the PHA.
- The site will require the family to repay the suspended amount within 30 calendar days of the site's notice that a hardship exemption has not been granted.

Section 6.1: Total Tenant Payment and Utility Allowance

2. *TEMPORARY qualifying financial hardship*

- If the PHA determines a qualifying financial hardship is temporary, the PHA must reinstate the minimum rent from the beginning of the suspension.
- The family must be offered a reasonable repayment agreement for any amount of back rent owed by the family.
- HABC defines a temporary hardship as last 90 days or less

3. *LONG TERM qualifying financial hardship*

- If the PHA determines a qualifying financial hardship is long term, the PHA must *exempt* the family from the minimum rent requirements so long as such hardship continues.
- Such exemption shall apply from the beginning of the month following the family's request for a hardship exemption until the end of the qualifying financial hardship.
- HABC defines a long-term hardship as one that lasts more than 90 days.
- Families approved for the exemption from minimum rent are required to re-verify the financial hardship every 120 days.
- The minimum rent hardship period ends when the family's calculated TTP is greater than the minimum rent.
- For minimum rent hardship conditions based on loss of income, the minimum rent hardship condition will continue to be recognized until new sources of income are received to enable the family to pay at least the minimum rent.
- For hardship conditions based upon hardship-related expenses, the minimum rent exemption will continue to be recognized until the cumulative amount exempted is equal to the expense incurred.

Section 6.1: Total Tenant Payment and Utility Allowance

PHA PROCEDURES

- The PHA must notify all families of the right to request minimum rent hardship exemptions under the law.
- Notification must advise families that hardship exemptions are subject to applicable PHA informal hearing procedures.
- The PHA can request reasonable documentation of hardship.

Section 6.1: Total Tenant Payment and Utility Allowance

UTILITY ALLOWANCE

CFR 5.603 (2)(b)

- If the family is responsible for the cost of utilities (except telephone), an amount equal to the estimate made or approved by a PHA or HUD of the monthly cost of reasonable consumption of such utilities.
- Public housing utility allowance determination, establishment and revision requirements may be found in CFR 965.502.

HABC ACOP, Section 9.8

- The utility allowances established by HABC apply to the privately owned/managed sites.
- HABC will review its schedule of utility allowances each year. HABC will revise the utility allowance schedule if there is a rate change of that by itself or together with prior rate changes not adjusted for, results in a change 10 percent or more from the rates on which such allowances were based. Adjustments to resident payments because of such changes shall be retroactive to the first day of the month following the effective rate change and are not subject to the 60-day notice requirement.
- For dwelling units subject to allowances for HABC-furnished utilities where individual meters have been installed, HABC charges for utility consumption in excess of the allowances.
 - The excess consumption is computed on a straight per unit of purchase basis and is based on HABC's average utility rate.
 - The basis for calculating the excess utility consumption charges is described in HABC's schedule of allowances.
 - Changes in the amount of excess consumption charges based directly on changes in the HABC's average utility rate are not subject to the advance notice requirements.

Rent Calculation

Section 6.1: Total Tenant Payment and Utility Allowance

- For dwelling units served by HABC-furnished utilities where individual meters have not been installed, HABC may establish schedules of surcharges indicating additional dollar amounts residents will be required to pay by reason of estimated utility consumption attributable to resident-owned major appliances.
 - The surcharge schedule will state the resident-owned equipment for which surcharges will be made and the amounts of such charges.
 - Surcharges will be based on the cost to HABC of the utility consumption estimated to be attributable to reasonable usage of such equipment.
- By signing a third-party notification agreement at application for the utility service, the resident authorizes HABC or the privately managed sites, whichever is applicable, to be notified by the utility provider if the resident fails to pay the utility bill. Failure of the resident to maintain utility service is grounds for termination under the lease.
- Applicants cannot be admitted, and residents cannot be transferred to a development with resident-paid utilities unless they can obtain utility service.
- If the unit is serviced by an individual meter, the resident is responsible for establishing an account directly with the utility provider and paying for those individually metered utilities.

Section 6.2 Public Housing Rent Calculation

DEFINITIONS

CFR 5.603(b)

- *Tenant rent* is the amount payable monthly by the family as rent to the PHA.

Form HUD-50058, Line 10, instructions

- *Total tenant payment (TTP)* is the amount the tenant pays toward rent plus any utility allowance.

CFR 5.603(b)

- *Utility reimbursement* is the amount, if any, by which the utility allowance for a unit, if applicable, exceeds the TTP for the family occupying the unit. (This definition is not used for a public housing family that is paying a flat rent.) (24 CFR 5.603(b))

INCOME-BASED RENT

CFR 960.253(c)

- The tenant rent for a family is the TTP minus the utility allowance.

CFR 5.632

- If the utility allowance exceeds the TTP, the PHA must pay the excess amount either to the family or directly to the utility supplier on behalf of the family.

- If the PHA elects to pay the utility supplier, the PHA must notify the family of the amount of utility reimbursement paid to the utility supplier.

HABC Policy, Section 9.8.7

- HABC or the privately managed site will pay a monthly utility reimbursement, equal to the difference between one month's total tenant payment and one month's utility allowance, either to the resident or, with the resident's consent, directly to the utility provider on the resident's behalf.

Section 6.2: Public Housing Rent Calculation

FLAT RENTS

CFR 960.253(b)

Notice PIH 2022-33

- Flat rents must be set at no less than:
 - 80 percent of the applicable FMR, or
 - 80 percent of the Small Area Fair Market Rent (SAFMR) or where HUD does not publish an SAFMR, 80 percent of the unadjusted rent. The unadjusted rent is the FMR estimated directly from source data that HUD uses to calculate FMRs in non-metropolitan areas.
- For areas where HUD has not determined an SAFMR or an unadjusted rent, PHAs must set flat rents at no less than 80 percent of the FMR or apply for an exception flat rent.
 - HABC sets flat rents at 80% of the FMR
- Privately owned/managed sites may have maximum rents that are lower than the flat rents. In these cases, the resident is given the choice between the income-based rent and the maximum rent for the unit instead of the flat rent.
- For low-income housing tax credit (LIHTC) public housing units, it is possible that the minimum flat rent amount may exceed the LIHTC maximum gross rent limit. In the event that these amounts conflict, PHAs should set flat rents so as not to exceed the LIHTC maximum rent.

Section 6.2: Public Housing Rent Calculation

SWITCHING RENTS

- Households may switch between flat rent and income-based rent only at the time of the annual flat rent update or regular reexam.
- Exceptions to this policy occur when a family experiences a financial hardship. Reasons for hardship include:
 - The family has experienced a decrease in income that will last at least 120 days because of changed circumstances, including loss of or reduction of employment, death in the family, and reduction in or loss of income or other assistance;
 - The family has experienced an increase in expenses, because of changed circumstances, for medical costs, childcare, transportation, education, or similar items; and
 - Other situations as may be determined by HABC or the privately owned/managed sites.
 - If an approved hardship exists for a family on flat rent: Perform an interim reexamination of income.
- Reduce rent to the income-based rent, based on updated verified income information, effective the 1st of the month following the family's approved request.
- If a family changes from flat rent to income-based rent due to a financial hardship, the family will not be offered the option to change back to flat rent until the next regular reexamination.

UTILITY ALLOWANCES AND FLAT RENTS

- PHAs must apply a utility allowance to flat rents as necessary. For units where utilities are tenant paid, the PHA must adjust the flat rent downward by the amount of the utility allowance for the unit.
 - For example, if the PHA chose to use eighty percent of the current FMR as their flat rent and for a 1-bedroom unit in a PHA's area that amount is \$400:
 - PHA utility allowance for a 1-bedroom is \$50, the flat rent is \$350
 - PHA utility allowance for a 1-bedroom is \$0, the flat rent is \$400
- In cases where UAs are applied, PHA should report the amount of the UA on line 10e of the form HUD-50058.
- For a family that chooses the flat rent option, the PHA must conduct a reexamination of family income at least once every three years.
- The flat rent amount is not locked in for three years. The PHA must revise as necessary and must offer the family a choice between their applicable income-based rent and the current flat rent.
- If a family chooses flat rent one year, a PHA is required to provide the amount of income-based rent for the subsequent year only under either of the following conditions:
 - It is the year the PHA is conducting an income reexamination; or
 - The family requests the information and submits updated income information

Section 6.2: Public Housing Rent Calculation

UPDATING FLAT RENTS

- No later than 90 days after the effective date of the new annual FMRs, PHAs must implement new flat rents as necessary based on changes to the FMR.
- If the FMR falls from year to year, the PHA may, but is not required to, lower the flat rent to eighty percent of the current FMR.

FLAT RENT PHASE-IN

- If an existing family's rent will increase by more than 35 percent as a result of changes to the flat rent, the increase must be phased in.
 - Family may choose between the phased-in flat rent amount or the previously calculated income-based rent.

EXAMPLE
The Watson family currently pays \$500 flat rent. At their annual: The PHA has raised the flat rent to \$700 Family's income-based rent is \$800 $\$500 \times 35\% = \$675$ The PHA offers family choice between \$675 phased-in flat rent or \$800 income-based rent.
The Watson family pays \$675 phased-in flat rent. The following year: The PHA has again raised the flat rent to \$750 Family's income-based rent is still \$800 $\$675 \times 35\% = \$911.25$ The PHA offers family choice between \$750 flat rent and \$800 income-based rent.

Section 6.2: Public Housing Rent Calculation

PRORATION OF ASSISTANCE

CFR 5.504

- Mixed family means a family whose members include those with citizenship or eligible immigration status, and those without citizenship or eligible immigration status.

CFR 5.520

- An eligible mixed family who requests assistance must be provided prorated assistance.
 - Mixed families who are non-public housing over-income (NPHOI) families pay the alternative non-public housing rent

*EID FAQs (from General
Income and Rent Calculation
FAQs) posted 12/19/03; #23*

- The PHA shall prorate the family's assistance by:
 - Determining the total tenant payment
 - Annual income includes income of all family members, including any family member who has not established eligible immigration status.
 - *Note:* HUD has determined that ineligible immigrants are not entitled to the Earned Income Disallowance.
 - Subtracting the total tenant payment from the flat rent for the unit. The result is the maximum subsidy for which the family could qualify if all members were eligible (family maximum subsidy).

CFR 5.520

- Dividing the family maximum subsidy by the number of persons in the family to determine the maximum subsidy per each family member who has citizenship or eligible immigration status (member maximum subsidy).
- Multiplying the member maximum subsidy by the number of family members who have citizenship or eligible immigration status.

Section 6.2: Public Housing Rent Calculation

- The product is the amount of subsidy for which the family is eligible (eligible subsidy). The mixed family's rent is the unit's flat rent minus the amount of eligible subsidy.
 - When the mixed family TTP exceeds the flat rent, the PHA must use the TTP as the mixed family TTP. The mixed family TTP minus the utility allowance for the unit is the mixed family rent.

RENT CALCULATION ERRORS

PH Resource Guide

- Correct any calculation errors made by HABC at admission, regular or interim reexam, and conduct an interim reexam to correct the error. The resulting change in rent will dictate the effective date of the change once the correction is made.
- Do not charge households retroactively for any increase in rent.
- If family was underpaying rent, increase the rent to the correct amount on the 1st of the month following 30 days' notice to the family.
- Make an adjustment to the resident for an amount of rent that is overpaid due to HABC error.

Section 6.2: Public Housing Rent Calculation

Notes

CHAPTER 7 Rent Calculation Quiz

Part I: True/False (Mark T for True or F for False)

1. _____ Annual income includes all military pay except the special pay for exposure to hostile fire.
2. _____ Earned income of full-time students 18 and older (who are not the head, spouse, or co-head) is excluded from annual income.
3. _____ HABC accepts self-certification when the market value of a family's assets is \$50,000 or less.
4. _____ A family in a guaranteed income program, 100% of the income the family receives from the program is excluded.
5. _____ Lump-sum payments are always counted as assets.
6. _____ Disability assistance expenses may be deducted if they enable a family member to work.
7. _____ The wages of a 17-year-old who lives with her parents are included in annual income.
8. _____ HABC defines “minimal income” as less than \$5,000 per year.
9. _____ The PHA must include the income of a live-in aide.
10. _____ A family does not have to be a HUD-defined disabled family in order to qualify for the disability assistance allowance.
11. _____ The unearned income of an adult full-time student who is not head, spouse, or cohead is included in annual income.
12. _____ The family may switch to flat rent at a regular reexamination.
13. _____ When someone is paid weekly, HABC requires 6 paystubs.

Rent Calculation Quiz

PART II - Multiple Choice

14. All of the following are excluded from annual income, except:
 - a. Insurance payments and settlements
 - b. The unearned income of a minor
 - c. Hostile fire pay for members of the armed forces
 - d. Resident service stipends
15. Which of the following types of payments from trusts is excluded?
 - a. All periodic payments
 - b. Distributions of the principal corpus (body) of the trust
 - c. Income that is used to pay the costs of health and medical care expenses for a minor
 - d. Both b and c
16. When verifying Social Security income for a program participant, the PHA uses:
 - a. The Social Security award letter
 - b. The amount listed in EIV (provided the participant agrees with the amount)
 - c. Either the SS award letter or the EIV printout, whichever is higher
17. All of the following are true, except:
 - a. Student loans are excluded
 - b. Assistance under Title IV of the HEA is excluded
 - c. Amounts from educational savings accounts are excluded
 - d. All forms of student financial assistance are excluded
18. When net family assets are over \$50,000, income is calculated by:
 - a. Multiplying the HUD passbook rate by the market value of the assets
 - b. Multiplying the cash value by 3%
 - c. Adding the market value and the cash value together
19. Disability assistance expenses are allowed for:
 - a. Elderly or disabled families only
 - b. Care attendants or special equipment for a disabled person in a family to enable someone to work or go to school
 - c. Medical prescriptions and doctor visits for a disabled person in a family
 - d. Care attendants or special equipment for a disabled person in a family to enable someone in the family to work
20. When calculating income from Social Security, the PHA uses:
 - a. The gross amount of Social Security prior to the Medicare deduction
 - b. The net amount of Social Security after the Medicare deduction is taken out

Rent Calculation Quiz

21. Who gets health and medical care allowances?
- Every person who is 62 years of age or older, or who is a person with disabilities
 - Only those in "a" above who are head of household or spouse
 - Every person in an elderly or disabled family whether elderly/disabled or not
 - Everybody in a family in which there is an elderly person, or a person with disabilities
22. The Miller family has received \$475 from TANF during the last year. Since their last recertification, they have paid \$101 for rent. The Millers report to the PHA that their TANF has been reduced to \$365. Applying all allowances, their new income-based rent would be \$68. The PHA verifies with the local welfare department that the Millers' TANF has been reduced due to failure to comply with work activities required by welfare. The new rent for the Millers is:
- \$68
 - \$0
 - \$101
23. Both Mr. and Mrs. O'Brien work and their rent is \$580 per month. At their next annual recertification, they are told that the flat rent for the public housing unit in which they reside is \$600. The O'Briens inform the PHA that they choose to pay the flat rent. The PHA:
- Charges the O'Briens the income-based rent since it is the lesser of the flat rent or income-based rent
 - Charges the flat rent per the family's request
 - Charges the lesser of the ceiling rent or the flat rent
 - Advises the family that since things look suspicious they will do an income evaluation at the next recertification
24. The Sykes family informs the PHA that their TANF has been reduced. They have been paying \$95 rent. Taking into account the new amount received under TANF, the new income-based rent would be \$75. However, the PHA has verified with the welfare department that the Sykes' welfare reduction is a result of Ms. Sykes' inability to find a job although she did comply with all economic self-sufficiency requirements. The PHA charges the Sykes family the following rent:
- \$95
 - \$75
 - Minimum rent
 - Flat rent

Rent Calculation Quiz

25. Upon a determination that a family is unable to pay the flat rent because of financial hardship, the PHA:
- Must immediately provide for the family to pay the minimum rent
 - Must immediately provide for the family to pay the income-based rent
 - Depends on PHA policy
26. The Smith family, in between annual recertification, has switched from flat rent to income-based rent upon PHA determination of a financial hardship. Six months before the annual recertification, Mr. Smith gets hired at a better job and informs the PHA that the family chooses to switch back to flat rent. The PHA must do all **but** the following:
- Allow families to choose annually between income-based rent and flat rent
 - Allow families to switch from flat rent to income-based rent because of financial hardship
 - Allow families to switch from income-based rent to flat rent if circumstances change
 - Establish policy on hardships, i.e., verification of hardship

Rent Calculation Quiz

Part III: Review this family and answer questions 26 through 29.

- a. Head, age 45
- b. Spouse, age 45
- c. Son, age 19, who is a Full-Time Student
- d. Daughter, age 16, who has quit school
- e. Foster child (male), age 12
- f. Granddaughter, age 1
- g. Grandmother, age 70
- h. Disabled brother of head, age 39
- i. No one

27. Who qualifies this family for a the elderly/disabled allowance?
[Write letter of family member(s)]:

28. Who qualifies for the dependent allowance? [Write letter of family member(s)]

29. Who gets a health and medical care expense allowance?
[Write letter of family member(s)]

30. If the spouse was a person with disabilities, who gets a health and medical care
expense allowance?

PART IV - Fill In The Blanks

31. Annual Income – HUD allowances = _____

32. There are _____ HUD allowances considered in calculating adjusted
income; they include:

33. Tenant Rent = Total Tenant Payment + _____

34. Utility Allowance greater than TTP = _____

Rent Calculation Quiz

Answer Key for Rent Calculation Quiz

- | | |
|-------|--|
| 1. T | 23. b |
| 2. T | 24. b |
| 3. T | 25. b |
| 4. T | 26. c |
| 5. F | 27. i |
| 6. F | 28. c, d, f, h |
| 7. F | 29. i |
| 8. F | 30. a, b, c, d, f, g, h |
| 9. F | 31. Adjusted Annual Income |
| 10. T | 32. 5; |
| 11. T | Elderly/disabled Household Allowance; |
| 12. T | Dependent Allowance; |
| 13. F | Child Care Allowance; |
| 14. b | Allowable Disability Assistance Expense; |
| 15. d | Allowable Health and Medical Care Expenses |
| 16. b | 33. Utility Allowance |
| 17. d | 34. Utility Reimbursement Payment |
| 18. a | |
| 19. d | |
| 20. a | |
| 21. c | |
| 22. c | |

CHAPTER 8 Study Guide

I. TERMINOLOGY: Define the following terms

1. Earned income:

2. Adjusted annual income:

3. Disabled family:

4. Elderly family:

II. ANNUAL INCOME

5. To convert income to annual amounts, multiply:

- a) Monthly income x _____ c) Biweekly x _____
b) Weekly income x _____ d) Semimonthly x _____

6. How many paystubs does HABC require when someone is paid at the following intervals?

- a) Monthly income x _____ c) Biweekly x _____
b) Weekly income x _____

7. Who is considered a dependent?

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

9. What income of a full-time student is included in annual income?

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

11. Does annual income include the gross or net amount of income from self-employment?

12. If someone is seasonally employed and only works part of the year, the PHA may not include their employment income in annual income?

☐

True

☐

False

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

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

15. List at least 2 examples of nonrecurring income?

16. When someone is in the military, what pay is included in annual income?

17. What is the difference between how financial assistance received under Title IV of the Higher Education Act is treated and how all other forms of student financial assistance is treated?

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

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

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

21. What is the difference between how SS/SSI income is verified for program applicants versus program participants?

22. How is income from a training program treated?

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

☐

Included

☐

Excluded

24. List nine examples of income that is included in annual income.

1)

6)

2)

7)

3)

8)

4)

9)

5)

25. List 10 examples of income that is not included in annual income.

1)

2)

3)

4)

5)

6)

7)

8)

9)

10)

III. ASSETS

26. When does HABC accept self-certification of assets?

27. When net family assets have a total market over \$50,000, how is income from assets calculated?

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

29. How is income from a trust treated?

30. When is a life insurance policy considered an asset?

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

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

33. How are one-time lump sum payments such as inheritance treated?

IV. HUD ALLOWANCES

34. List the allowable deductions from annual income.

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

35. Who is considered a full-time student?

36. How does a family qualify for the elderly/disabled allowance?

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

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

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

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

- 1) _____
- 2) _____

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

41. Who in the household qualifies for the health and medical care allowance if the head has a disability?

V. VERIFICATIONS

42. When must the MTW Authorization for Release of Information be signed?

43. When is the PHA required to use the EIV Income Report?

44. What are the levels of the verification hierarchy?

1)

2)

3)

4)

VI. RENT CALCULATION

45. What is the formula for determining tenant rent?

46. What is the formula for determining Utility Reimbursement Payment?

47. What is the formula for determining total tenant payment?

48. How often must a PHA review the income of families paying flat rent.

49. For mixed families, how is rent calculated?

CHAPTER 9 Study Guide Answers

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

1. Earned income:

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.

2. Adjusted annual income:

Annual income minus HUD allowances.

3. Disabled family:

A family where the head, spouse, or cohead is a person with disabilities.

4. Elderly family:

A family where the head, spouse, or cohead is 62 or older.

II. ANNUAL INCOME

5. To convert income to annual amounts, multiply:

a) Monthly income	x	<u>12</u>	c) Biweekly	x	<u>26</u>
b) Weekly income	x	<u>52</u>	d) Semimonthly	x	<u>24</u>

6. How many paystubs does HABC require when someone is paid at the following intervals?

a) Monthly income	x	<u>2</u>	c) Biweekly	x	<u>2</u>
b) Weekly income	x	<u>4</u>			

7. Who is considered a dependent?

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

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

**Earned income is excluded [24 CFR 5.609(b)(3)].
All other sources of unearned income, except those specifically excluded by the regulations, are included [24 CFR 5.609(a)].**

9. What income of a full-time student is included in annual income?

**Earned income is exclude.
All other sources of unearned income, except those specifically excluded by the regulations, are included.**

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

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.

11. Does annual income include the gross or net amount of income from self-employment?

The PHA uses net income from self-employment.

12. If someone is seasonally employed and only works part of the year, the PHA may not include their employment income in annual income?

☐

True

☒

F

False

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

The gross amount with the Medicare premium is used.

14. 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.

15. List at least 2 examples of nonrecurring income?

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).

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.

16. When someone is in the military, what pay is included in annual income?

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.

17. What is the difference between how financial assistance received under Title IV of the Higher Education Act is treated and how all other forms of student financial assistance is treated?

Income received under Title IV of the HEA is fully excluded. 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.

18. 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.

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

Since the PHA counts 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

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

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.

21. What is the difference between how SS/SSI income is verified for program applicants versus program participants?

For program participants, PHAs are required to view the EIV Income Report and confirm with the participant that the current listed benefit amount is correct.

Applicants must provide a copy of their SS and/or SSI benefit letter, dated within the last 60 calendar days, for each household member that receives SS and/or SSI benefits.

22. How is income from a training program treated?

Exclude incremental earnings and benefits from training programs funded by HUD or qualifying federal, state, tribal, or local employment training programs.

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

☐ Included ☒ Excluded

24. List nine examples of income that is included in annual income.

- | | |
|--|--------------------------------------|
| 1) Wages | 6) Welfare assistance |
| 2) Net business income | 7) Alimony and child support |
| 3) Interest, dividends/other income from assets | 8) Military pay |
| 4) Social Security, including Medicare, if applicable | 9) Retirement, pensions, etc. |
| 5) Unemployment | |

25. List 10 examples of income that is not included in annual income.

- 1) **Employment income of children under 18**
- 2) **Payments for care of foster children**
- 3) **Income of FT students who are not HOH, spouse or cohead**
- 4) **Amounts specifically for, or in reimbursement of, medical expenses**
- 5) **Income of a live-in aide**
- 6) **Special pay for exposure to hostile fire**
- 7) **Income from training programs such as WIA and PASS**
- 8) **Temporary/sporadic income**
- 9) **Student loans**
- 10) **Guaranteed income programs**

III. ASSETS

26. When does HABC accept self-certification of assets?

When family assets are valued at or below \$50,000.

27. When net family assets have a total market over \$50,000, how is income from assets calculated?

Market Value x Passbook Rate.

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

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

29. How is income from a trust treated?

For irrevocable or revocable trusts, distributions of the principal corpus of the trust and distributions of income from the trust when used to pay the costs of health and medical care expenses for a minor are excluded.

For revocable trusts under the control of the family or household, any distributions from the trust, except that any actual income earned by the trust, regardless of whether it is distributed, is considered income to the family at the time it is received by the trust.

30. When is a life insurance policy considered an asset?

The cash value of life insurance policies available to the individual before death is included in net family assets.

31. 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.)

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

Two years from the date disposed of.

33. How are one-time lump sum payments such as inheritance treated?

One time lump-sum payments such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlements for personal or property losses are reported as assets when these one-time payments are retained and verified.

IV. HUD ALLOWANCES

34. List the allowable deductions from annual income.

- 1) **Dependent**
- 2) **Elderly/disabled**
- 3) **Child care**
- 4) **Health and medical care expenses**
- 5) **Disability assistance expenses**

35. Who is considered 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.

36. How does a family qualify for the elderly/disabled allowance?

Families where the head, spouse or cohead is either 62 years of age or older or is a person with disabilities.

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

Under 13 years of age.

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

- 1) **Adult working**
- 2) **Adult attending school**
- 3) **Adult actively seeking employment**

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

- 1) **Care attendants**
- 2) **Auxiliary apparatus**

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

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

41. Who in the household qualifies for the health and medical care allowance if the head has a disability?

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

V. VERIFICATIONS

42. When must the MTW Authorization for Release of Information be signed?

When eligibility is determined, when a person 18 or older becomes a member of the family, when a family member turns 18.

43. When is the PHA required to use the EIV Income Report?

At regular reexaminations.

44. What are the levels of the verification hierarchy?

1) **UIV**

2) **UIV using other sources**

3) **Written third-party documents provided by the family, written third-party verification forms, third-party oral**

4) **Self-certification**

VI. RENT CALCULATION

45. What is the formula for determining tenant rent?

Total tenant payment minus utility allowance.

46. What is the formula for determining Utility Reimbursement Payment?

Total tenant payment minus utility allowance.

47. What is the formula for determining total tenant payment?

Greatest of: 30% of monthly adjusted income; 10% of monthly income; or the minimum rent.

48. How often must a PHA review the income of families paying flat rent.

Not less than once every three years.

49. For mixed families, how is rent calculated?

Mixed families will have their rent prorated, which means they will pay more in rent than they would if everyone in the household was eligible under the noncitizens rule

TRAINING ACTION PLAN

The measure of a successful seminar is determined by what happens *after* the seminar. Successful training is not just the acquisition of knowledge; it is the *application* of the knowledge. This action plan will help you to stay focused as you apply your skills and knowledge to contribute to the overall success of your housing agency. It is designed to help you *and* your PHA to derive the maximum benefit from this training opportunity. It contains four parts:

PERSONAL “TO-DO” LIST

During the seminar you may hear ideas and suggestions intended to improve your competency and performance. Your instructor may recommend that you read a HUD notice or a regulation, or that you review certain course materials or case studies. You may learn of a more efficient way to organize a work function or to complete a task. As you become aware of individual items that you want to accomplish when you return to your agency, record them on your “TO-DO” list, so that you do not forget them. Your personal development and success is our goal. Do this for *you*.

HOUSING PROGRAM “TO-DO” LIST

During the seminar, there will be much discussion of HUD regulations pertaining to the topic of this course. Your instructor will show you how to use your NMA workbook as a reference tool to research regulations and HUD guidance so that you can apply them properly. You will also hear how other agencies perform the same functions that you do but in a very different way. Your housing program “TO-DO” list is designed for you to make notes of things you may want to check when you get back to your agency. Jot them down and make a note of any reference pages in your workbook that apply.

**ADMINISTRATIVE POLICY
REVIEW CHECKLIST**

As the HUD regulations and program guidelines are discussed, your instructor will point out areas where PHAs have discretion to develop policies and may suggest that you check yours. Make note of these on your ADMINISTRATIVE POLICY REVIEW CHECKLIST. You may also learn of areas in which policy *should* be developed.

IDEA DESIGN WORKSHEET

As the result of this training, if you identify an area in your program operation in which you want to make constructive recommendations to a supervisor or to management, this form will help you to organize your ideas. It is important that you present your ideas in a positive, professional way, explain the benefits of your idea, and provide the appropriate HUD reference, if applicable.

PERSONAL “TO-DO” LIST

[illegible]

HOUSING PROGRAM “TO-DO” LIST

[illegible]

ADMINISTRATIVE POLICY REVIEW CHECKLIST

[illegible]

IDEA DESIGN WORKSHEET

IDEA

CURRENT POLICY, PROCEDURE, OR PRACTICE

BENEFITS OF THIS RECOMMENDATION

STEPS NECESSARY TO IMPLEMENT

APPLICABLE HUD REFERENCES

IMPROVING TEST-TAKING SKILLS

Below are some pointers that may assist you in minimizing the pressure many test takers place on themselves during testing.

1. Only ONE answer is correct for each question

Marking two answers to the same question on the scantron answer sheets will be scored as a wrong answer.

2. Answer one question at a time

You can only answer one question at a time. Don't be overwhelmed by the total number of questions on the test. Isolate each question as you read and answer it. If possible, cover the questions above and below the one you are working on.

3. Work through the questions at a steady pace

When you read a question and have absolutely no idea what the answer is, make a check mark next to it in the test booklet and move on. Don't waste a lot of time pondering over questions you can't answer; go back to them after you have finished the test. Often, another question later on in the test will trigger the answer to the one you thought you didn't know.

4. Identify the core topic

Sometimes when reading multiple-choice test questions, test takers get hung up in the words. Try to find the core topic of the question, isolate it, and ask yourself questions that trigger what you know about the topic.

For example, let's take a question that pertains to income limits. Here are questions to ask yourself that may help identify the correct answer.

- Does this question pertain to applicants or participants? (because the rules are different)
- Does this question pertain to families entering the program or families moving/transferring to another unit?
- What is this question trying to see if I know?

5. Identify key words and phrases

When you read a true or false question, remember that if *any part* of the question is false, the *whole statement* is false. Ask yourself, “does this statement stand on its own as totally true?” If you find yourself thinking, “well, it would be true if...”– it’s probably false.

Also use this method to evaluate the multiple-choice answer options– if *any part* of an answer is wrong, then it is the *wrong* answer.

6. Turn a multiple-choice question into true or false questions

If you cannot quickly identify the correct answer, you can usually eliminate one or two incorrect answers. After you have done this, take each of the remaining answers, add it to the end of the multiple-choice question and see if it is a true or false statement.

7. When you review, focus on the tough questions

When they finish a test, some test takers go back and review every question– and sometimes they begin to doubt their answers. When they start to second-guess themselves, they often change answers that were correct. If you make a check mark next to the questions in your test booklet that you are not sure of, you can quickly identify the tough ones and use your time to review them.

8. Answer all the questions, even if you have to guess at some

If after going through the whole exam, there are still questions that have you stumped, first rule out the obviously wrong answers, then make your best guess at which of the remaining options is the right answer. Even a blind guess improves your chances of scoring a point.

9. Visually inspect your answer sheet before you turn it in to the instructor

Look for incidental or unintentional pencil marks and erase them. If you changed an answer, make sure that the pencil mark for the first answer is completely erased.

10. Make sure that you did not inadvertently skip a question or a line on the Scantron answer sheet. This would cause all of the following answers to be incorrect.

Before turning in your Scantron sheet, review it to make sure that the number of lines filled in matches the number of questions on the test and that no lines are blank.