Table of Contents

CHAPTER 1 Form HUD-50058
LEARNING OUTCOMES 1-1
FORM HUD-50058 OVERVIEW 1-1

CHAPTER 2 Income
LEARNING OUTCOMES 2-1

Section 2.1 Annual Income 2-2
INCOME OF VARIOUS HOUSEHOLD MEMBERS 2-3
Learning Activity 2-1: Income Inclusions and Exclusions for Different Household Members 2-9

Section 2.2 Earned Income 2-10
PROJECTING EMPLOYMENT INCOME 2-11
Learning Activity 2-2: Projecting Income at New Admission 2-13
SEASONAL EMPLOYMENT 2-14
PROJECTING INCOME FROM SEASONAL EMPLOYMENT 2-14
SELF-EMPLOYMENT 2-16
MILITARY PAY 2-18

Section 2.3 Income of Students 2-19
EDUCATIONAL SAVINGS ACCOUNTS 2-19
STUDENT LOANS 2-19
STUDENT FINANCIAL ASSISTANCE 2-20

Section 2.4 Periodic Payments and Nonrecurring Income 2-25
PERIODIC PAYMENTS 2-25
LUMP-SUM PAYMENTS COUNTED AS INCOME 2-25
SOCIAL SECURITY 2-27
RETIREMENT ACCOUNTS 2-28
ALIMONY AND CHILD SUPPORT 2-28
NONRECURRING INCOME 2-29
ZERO INCOME FAMILIES 2-33
Learning Activity 2-3: Periodic Payments and Non-recurring Income 2-34
PUBLIC ASSISTANCE 2-35
PUBLIC ASSISTANCE INCOME IN AS-PAID LOCALITIES (“WELFARE RENT”) 2-35
IMPUTED WELFARE INCOME 2-36
Learning Activity 2-4: Imputed Welfare Income 2-40

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Section 2.5 **Other Types of Income** 2-44
HEALTH AND MEDICAL CARE REIMBURSEMENTS 2-44
AID AND ATTENDANCE FOR VETERANS 2-44
HOME-BASED CARE PAYMENTS FOR A FAMILY MEMBER WITH DISABILITIES 2-44
CIVIL ACTION SETTLEMENTS 2-46
BABY BOND ACCOUNTS 2-46
PLAN FOR ACHIEVING SELF-SUFFICIENCY (PASS) 2-46
PUBLICLY ASSISTED PROGRAMS 2-47
RESIDENT SERVICE STIPENDS 2-47
TRAINING PROGRAMS 2-47
REPARATION PAYMENTS 2-48
REFUNDS AND REBATES FOR PROPERTY TAXES 2-48
ADOPTION ASSISTANCE PAYMENTS 2-48
LOAN PROCEEDS 2-49
MISMANAGEMENT OF ASSETS CLAIMS 2-49
HOUSING GAP PAYMENTS 2-49
CIVIL RIGHTS SETTLEMENTS AND JUDGMENTS 2-49
FAMILY SELF SUFFICIENCY ACCOUNT 2-50
FEDERALLY MANDATED INCOME EXCLUSIONS 2-50

CHAPTER 3 **Assets**
LEARNING OUTCOMES 3-1
OVERVIEW 3-1

Section 3.1 **Types of Assets** 3-2
REAL PROPERTY 3-2
PERSONAL PROPERTY 3-4
BANK ACCOUNTS 3-6
INVESTMENT ACCOUNTS 3-8
TRUSTS 3-10
JOINTLY OWNED ASSETS 3-13
LUMP SUMS 3-15
FEDERAL TAX REFUNDS OR REFUNDABLE TAX CREDITS 3-16
LIFE INSURANCE POLICIES 3-18
RETIREMENT ACCOUNTS 3-19
OTHER ASSET EXCLUSIONS 3-20

Section 3.2 **Calculating Income from Assets** 3-22
NET FAMILY ASSETS 3-22
INCOME FROM ASSETS 3-23
NET FAMILY ASSETS EQUAL TO OR LESS THAN $54,898 3-24
NET FAMILY ASSETS EXCEEDING $54,898 3-25
Learning Activity 3-1: Asset Inclusions and Exclusions 3-28

Section 3.3 **Assets Disposed of For Less Than Market Value** 3-31

Section 3.4 **Restriction on Assistance Based on Assets** 3-33

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CHAPTER 4 Adjusted Income
LEARNING OUTCOMES 4-1
ADJUSTED INCOME 4-1
Section 4.1 Elderly/Disabled Allowance 4-3
Section 4.2 Dependent Allowance 4-5
Section 4.3 Childcare Expenses 4-6
Learning Activity 4-1: Dependent and Childcare Allowances 4-10
Section 4.4 Disability Assistance Expenses 4-12
Section 4.5 Health and Medical Care Expenses 4-14
Learning Activity 4-2: Health and Medical Care Expenses 4-16
HOUSEHOLDS ELIGIBLE FOR THE DISABILITY ASSISTANCE EXPENSE AND HEALTH AND MEDICAL CARE EXPENSES 4-18
HARDSHIP EXEMPTIONS 4-19
REQUIREMENTS FOR HARDSHIPS 4-24
Learning Activity 4-3: Hardship and Exemptions 4-26
Section 4.6 Permissive Deductions 4-28
Learning Activity 4-4: Calculating Adjusted Income 4-29

CHAPTER 5 Verification
LEARNING OUTCOMES 5-1
Section 5.1 Consent Form Requirements 5-2
AUTHORIZATION FOR RELEASE OF INFORMATION/PRIVACY ACT NOTICE 5-2
Section 5.2 Use of Other Programs' Determination of Income 5-4
Section 5.3 Streamlining Verification of Fixed Income 5-8
Section 5.4 Hierarchy of Verification Methods 5-11
LEVEL 5 AND 6 VERIFICATIONS: UP-FRONT INCOME VERIFICATION (UIV) . . . 5-12
LEVEL 4 VERIFICATION 5-14
LEVEL 3: WRITTEN THIRD-PARTY VERIFICATION FORM 5-16
LEVEL 2: THIRD-PARTY ORAL VERIFICATION 5-16
LEVEL 1: SELF-CERTIFICATION 5-17
VERIFYING INCOME EXCLUSIONS 5-18

CHAPTER 6 Calculating Income at Annual Reexamination
LEARNING OUTCOMES 6-1
Section 6.1 Calculating Income at Annual Reexamination 6-2
APPLYING THE COLA 6-3
Section 6.2 Steps to Calculate Income at Annual Reexamination 6-4

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CHAPTER 7 Subsidy and Family Share Calculation

LEARNING OUTCOMES 7-1

Section 7.1 Total Tenant Payment and Utility Allowance 7-2

TOTAL TENANT PAYMENT 7-2

Learning Activity 7-1: Calculation of TTP 7-2

Learning Activity 7-2: Assets, Income, Adjusted Income, and TTP 7-4

MINIMUM RENT 7-8

Learning Activity 7-3: Minimum Rent Hardship 7-11

UTILITY ALLOWANCE 7-13

TAX CREDIT UNITS 7-14

Section 7.2 Payment Standards 7-15

DEFINITIONS 7-15

PAYMENT STANDARD SCHEDULE 7-16

SMALL AREA FMRS 7-17

ESTABLISHING PAYMENT STANDARD AMOUNTS 7-18

DESIGNATED PAYMENT STANDARD AREAS 7-19

EXCEPTION PAYMENT STANDARDS 7-19

USE OF PAYMENT STANDARD 7-20

APPLICATION OF THE PAYMENT STANDARD 7-21

Section 7.3 Housing Choice Voucher Rent Calculation 7-27

CFR DEFINITIONS 7-27

RENT CALCULATION FACTS 7-29

Learning Activity 7-4: Gross Rent Above Payment Standard 7-30

Learning Activity 7-5: Utility Reimbursement Payment 7-32

MAXIMUM FAMILY SHARE AT INITIAL OCCUPANCY 7-34

Learning Activity 7-6: Affordability Check 7-34

Learning Activity 7-7: Case Study of Prorated Assistance 7-36

CHAPTER 8 Rent Calculation Quiz

CHAPTER 9 Study Guide

CHAPTER 10 Study Guide Answers

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CHAPTER 11 Case Studies

Case Study 1. Alabaster Family 11-1
Case Study 2. Butler Family 11-7
Case Study 3. Crimson Family 11-13
Case Study 4. Dijon Family 11-19
Case Study 5. Flamingo Family 11-25

Training Action Plan

Improving Test-Taking Skills

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Table of Contents

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CHAPTER 1 Form HUD-50058

LEARNING OUTCOMES

- Understand the purpose of the Form HUD-50058 and the 50058 Instruction Booklet
- Review the Form HUD-50058

FORM HUD-50058 OVERVIEW

- The updated Form HUD-50058: Family Report was released in October 2023 and is dated 01/2024. The form was updated to fully reflect HOTMA requirements and replaces the previous version dated 6/2020.
  - Known as the "2024 version" of the 50058.
- The form applies to the public housing, housing choice voucher (HCV), and Section 8 Moderate Rehabilitation programs.
- A new 50058 Instruction Booklet has been released to correspond with the HOTMA version of the 50058. HUD created the instruction booklet to ensure accuracy and consistency in the information collected and to explain each line of the Form HUD-50058.

Notice PIH 2026-15

- Starting on January 1, 2027, HUD will enforce compliance with all provisions of sections 102 and 104 of HOTMA for all PHAs except MTW PHAs and PHAs who are currently exclusively using FRS.
- For PHAs subject to this compliance deadline, all HUD-50058 transactions with an effective date on or after January 1, 2027, must reflect HOTMA requirements.

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- PHAs may begin submitting the 2024 HUD-50058 as soon as they are able to and their software allows. If PHAs cannot submit the 2024 HUD-50058 by the compliance deadline, PHAs must follow the guidance in section IV.B. of Notice PIH 2026-15.
- 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 Form HUD-50058, remember:
  - Monetary figures: enter only whole dollar amounts. Do not show cents, commas, or dollar signs.
  - Rounding: 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. 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

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INFLATIONARY ADJUSTMENTS

- HUD publishes certain inflation-adjusted items and the updated passbook rate online at the HUD User website each year no later than September 1.
- The revised amounts are effective on January 1 of the following year.
- The items that are impacted by inflationary adjustments are:
  - Eligibility restriction on net family assets
  - Threshold above which imputed returns must be calculated on net family assets
  - Threshold above which the total value of non-necessary personal property is included in net family assets
  - The amount of net assets for which the PHA may accept self-certification by the family
  - Elderly/disabled deduction
  - Dependent deduction
  - Income exclusions for earned income of dependent full-time students/adoption assistance payments

HOTMA Provisions	2027 Amount
Asset limitation	$109,979
Asset threshold	$54,898
Dependent deduction	$525
Elderly/disabled deduction	$575
Passbook rate	0.38%

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U.S. Department of Housing and Urban Development

Office of Public and Indian Housing

Family Report

Form HUD-50058, Family Report, applies to Public Housing, Housing Choice Voucher, and Section 8 Moderate Rehabilitation programs.

Additional instructions are contained in the Form HUD-50058 Instruction Booklet. Copies of the Instruction Booklet can be found on the HUD website at http://www.hud.gov/sites/documents/50058i.pdf

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Head of household name:	Social Security Number:	Date Modified:

Family Report

U.S. Department of Housing and Urban Development

Office of Public and Indian Housing

OMB Approval Number 2577-0083

1. 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. 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.
2j. Projected date (mm/dd/yyyy) of next flat rent annual update (Public Housing flat rent only)	2j.
2k. Supportive Service Program participation now or in the last year? (Y or N)	2k.
2m. Special program: (vouchers only)	2m.
2n. Other special programs: Number 01	2n.
2n. Other special programs: Number 02	2n.
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. End of Participation reason (only if 2a= 6/End Participation)	2v.
2w. Interim Reexamination reason (only if 2a= 3/Interim Reexamination)	2w.
2x. Type of voucher issuance (HCV only)	2x.
2y. Date participant vacated unit (HCV only)	2y.
2z. Special purpose	2z.
2aa. Special purpose	2aa.

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3. 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)	
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)	
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)	
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)	
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)	
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)	
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)	

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.

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6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				$ 6g.	$ 6h.	$ 6i.
6j. Passbook rate (written as decimal)						6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						6k.

7. Income

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

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8. Deductions and Allowances

8a. Total annual income: copy from 7i			$	8a.
Permissive Deductions				
8b. Family Member Name	No.	8c. Type of permissive deduction	8d. Amount	
			$	
			$	
			$	
			$	
			$	
			$	
8e. Total permissive deductions (sum of column 8d)			$	8e.
If head/spouse/co-head is under 62 and no family member is disabled, skip to 8l				
8f. Medical/disability threshold: 8a X 0.10			$	8f.
8g. Total annual unreimbursed disability assistance expense (if no disability expenses, skip to 8k)			$	8g.
8h. Maximum disability allowance: If 8g minus 8f is positive or zero, put amount			$	8h.
	If negative and head/spouse/co-head is under 62 and not disabled, put 0		$	8h.
	If negative and head/spouse/co-head is elderly or disabled, copy from 8g		$	8h.
8i. Earnings in 7d made possible by disability assistance expense			$	8i.
8j. Allowable disability assistance expense: lower of 8h or 8i (if 8g is less than 8f and head/spouse/co-head elderly or disabled, copy from 8h)			$	8j.
8k. Total annual unreimbursed health/medical expenses (if head/spouse/co-head under 62 and not disabled, put 0)			$	8k.
8l. Family is eligible for medical or child care expense hardship or both?				8l.
8m. Total annual disability assistance and medical expense: 8j + 8k (if no disability expenses, copy from 8k)			$	8m.
8n. Medical/disability assistance deduction:	If no disability assistance expenses or if 8g is less than 8f, put 8m minus 8f (if 8m minus 8f is negative, put zero)		$	8n.
	If disability assistance expenses and 8g is greater than or equal to 8f, copy from 8m		$	8n.
8p. Elderly/disability allowance			$	8p.
8q. Number of dependents (people under 18, or with disability, or full-time student. Do not count head of household, spouse, co-head, foster child/adult, or live-in aide.)				8q.
8r. Allowance per dependent			$	8r.
8s. Dependent allowance: 8q X 8r			$	8s.
8t. Total annual unreimbursed child care costs			$	8t.
8x. Total allowances: 8e + 8n + 8p + 8s + 8t			$	8x.
8y. Adjusted annual income: 8a minus 8x (if 8x is larger, put 0)			$	8y.

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9. Total Tenant Payment (TTP)

9a. Total monthly income: 8a ÷ 12	$	9a.
9c. TTP if based on annual income: 9a X 0.10	$	9c.
9d. Adjusted monthly income: 8y ÷ 12	$	9d.
9e. Percentage of adjusted monthly income	$	9e.
9f. TTP if based on adjusted annual income: (9d X 9e) ÷ 100	$	9f.
9g. Welfare rent per month (if none, put 0)	$	9g.
9h. Minimum rent (if waived, put 0)	$	9h.
9i. Enhanced Voucher minimum rent	$	9i.
9j. TTP, highest of lines 9c, 9f, 9g, 9h, or 9i	$	9j.
9k. Most recent TTP	$	9k.
9m. Qualify for minimum rent hardship exemption? (Y or N)	$	9m.

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12. Housing Choice Vouchers: Tenant Based Vouchers

12a. Number of bedrooms on Voucher			12a.
12b. Is family now moving to this unit? (Y or N)			12b.
12d. Did family move into your PHA jurisdiction under portability? (Y or N) (if no, skip to 12g)			12d.
12e. Cost billed per month (put 0 if absorbed)		$	12e.
12f. PHA code billed			12f.
12g. Housing type	[ ] Group Home (prorate gross rent) [ ] Own manufactured home, lease space [ ] SRO: 1 room occupied by 1 person		
12h. Owner name			12h.
12i Owner TIN/SSN			12i.
12j. Payment standard for the family		$	12j.
12k. Rent to owner		$	12k.
12l Is the family receiving a higher payment standard as a reasonable accommodation? (Y or N)		$	12l.
12m. Utility allowance, if any		$	12m.
12n. Security deposit paid by the PHA on behalf of the family, if any		$	12n.
12o. Mobility-related services			12o(1).
(1) Did the family receive mobility-related services? (Y or N) (2) Date family began receiving mobility-related services			12o(2).
12p. Gross rent of unit: 12k + 12m (or Space Rent)		$	12p.
12q. Lower of 12j or 12p		$	12q.
12r. TTP: copy from 9j		$	12r.
12s. Total HAP: 12q minus 12r		$	12s.

Rent Calculation (if prorated rent, skip to 12ab)

12t. Total family share: 12p minus 12s		$	12t.
12u. HAP to owner: lower of 12k or 12s		$	12u.
12v. Tenant rent to owner: 12k minus 12u		$	12v.
12w. Utility reimbursement to family: 12s minus 12u, but do not exceed 12m		$	12w.

Prorated Rent Calculation

12ab. Normal total HAP: copy from 12s, but do not exceed 12p		$	12ab.
12ac. Total number eligible			12ac.
12ad. Total number in family			12ad.
12ae. Proration percentage: 12ac ÷ 12ad			12ae.
12af. Prorated total HAP: 12ab X 12ae		$	12af.
12ag. Mixed family total family contribution: 12p minus 12af		$	12ag.
12ah. Utility allowance: copy from 12m		$	12ah.
12ai. Mixed family tenant rent to owner: 12ag minus 12ah	If positive or 0, put tenant rent	$	12ai.
	If negative, credit tenant	$	12ai.
12aj. Prorated HAP to owner: 12k minus 12ai. If 12ai is negative, put 12k		$	12aj.

Additional Payments (not HAP)

12ap. Additional financial support for tenant-based voucher family		$	12ap.
12aq. Financial incentive for property owner		$	12aq.

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CHAPTER 2 Income

LEARNING OUTCOMES

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

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Section 2.1 Annual Income

CFR 5.609(a)

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

24 CFR 5.609(c)

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

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

INCOME OF VARIOUS HOUSEHOLD MEMBERS

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

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

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MINORS

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

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

EXAMPLE
Amanda Allen (age 16) is a high school student who lives with her parents who are head and spouse. She works part-time after school earning $15,000 a year in employment income and receives $3,500 in SSI annually. She has a non-interest-bearing checking account.
• Since Amanda is a minor, the PHA will exclude the full amount of her employment income. • The PHA will include her unearned income from SSI. • Amanda's checking account is considered when determining net family assets.

FULL-TIME STUDENTS

24 CFR 5.603

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

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

- Earned income of dependent full-time students in excess of the amount of the deduction for a dependent, as specified in 24 CFR 5.611, is not included as income.
  - The amount of the dependent deduction will be adjusted annually for inflation.
  - The dependent deduction is currently $525. Therefore, the PHA will include up to $525 of earned income of a dependent full-time student and will exclude any amounts in excess of that amount.
- All sources of unearned income, except those specifically excluded by the regulations, are included.
  - This includes all benefit and other non-earned income paid directly to full-time students.
- The assets and asset income of full-time students is considered when determining net family assets.

EXAMPLE
Miriam Leslie (age 22) lives with her parents who are head of household and spouse. She is a full-time student. She earns $4,000 in employment income annually at a part-time job and receives $3,500 in SSI annually. Her SSI is deposited into her checking account.
• Since Miriam is a dependent full-time student, the PHA will exclude the amount of her employment income in excess of the dependent deduction.   - For 2027, the PHA will include $525 of the $4,000 in 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.
  - The PHA should define these terms in PHA policy.
  - For example, the PHA may consider a family member who is working in another state on assignment to be temporarily absent.
  - Once an individual is considered permanently absent, the individual is removed from the family composition and their income is no longer included.
- Since the regulations state to count all income unless that income is specifically excluded, the income of all family members approved to live in the unit (including temporarily absent family members) is included.
- The PHA should establish a policy regarding these family members since the regulations do not address this issue.

EXAMPLE OF INDIVIDUALS WHO MAY BE DEFINED AS TEMPORARILY ABSENT
Chanda Smith is head of household. She lives with her spouse Kane. Chanda accepts temporary employment in another state for two months. Kane will continue to live in the unit while she is gone.
• Provided PHA policy defines Chanda as temporarily absent, the full amount of her income she earns while working out of state will be included in the family's annual income.

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.

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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.

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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 $525 for the year
   c. Exclude $300 per week
2. The live-in aide works part-time at a hardware store and earns $250 per week.
   a. Include $250 per week
   b. Exclude $250 per week
3. A full-time student who is not head, spouse, or cohead works at a grocery store and earns $310 per week.
   a. Include $310 per week
   b. Include $525 for the year
   c. Include $525 per week
   d. Exclude $310 per week
4. The head of household is temporarily absent (as defined by PHA policy) from the unit because they are working for a month in another state. They earn $500 per week.
   a. Include $500 per week
   b. Exclude $500 per week

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Section 2.2 Earned Income

24 CFR 5.100

- Earned income is defined as income or earnings from wages, tips, salaries, other employee compensation, and net income from self-employment.
- Earned income does not include any pension or annuity, transfer payments (meaning payments made or income received in which no goods or services are being paid for, such as welfare, Social Security, and governmental subsidies for certain benefits), or any cash or in-kind benefits.

24 CFR 5.609(a)

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

PH Occ GB

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

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PROJECTING EMPLOYMENT INCOME

24 CFR 5.609(c)(1)

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

Notice PIH 2023-27

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

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

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

Learning Activity 2-2: Projecting Income at New Admission

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

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

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

7. Income

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

SEASONAL EMPLOYMENT

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

- Some occupations regularly work less than 12 months per year. Family members may have temporary, variable, or seasonal schedules or may work sporadically throughout the year. Provided this income does not meet the definition of nonrecurring income, seasonal employment is included in annual income.
- Earnings of seasonal workers or day laborers are included in annual income, even if the source, date, or amount of the income varies. Income earned as a day laborer is not considered nonrecurring income.
- A *seasonal worker* is defined as an individual who is hired into a short-term position (e.g., for which the customary employment period for the position is six months or fewer); and the employment begins about the same time each year (such as summer or winter). Typically, the individual is hired to address seasonal demands that arise for the particular employer or industry. Income earned as a seasonal worker is not considered nonrecurring income.
  - Examples include employment limited to holidays or agricultural seasons.
  - Seasonal work may include employment as a lifeguard, ballpark vendor, or snowplow driver.
- A *day laborer* is defined as an individual hired and paid one day at a time without an agreement that the individual will be hired or work again in the future.

PROJECTING INCOME FROM SEASONAL EMPLOYMENT

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

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PH Occ GB, Income Determination, p. 23

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

EXAMPLE OF PROJECTING SEASONAL INCOME
Maggie Price is an applicant. She is currently a tile setter earning $1,200/month. For the last 3 years, she worked this job for 8 months during the construction season. For the rest of the year (4 months) she worked part-time earning $500 per month.
Based on her current paystubs and her tax information, the PHA performs the following calculation: • $1,200 x 8 months = $9,600 • + $500 x 4 months = $2,000 • $11,600 annually.

EXAMPLE 2: SEASONAL EMPLOYMENT
Derrick Jones is an applicant. He works as a house painter. He works from April through September. He does not work in rain or windstorms. He does not receive paystubs, but the PHA contacts his employer who verifies that over the last 3 years he works on average 30 hours per week and his current rate of pay is $12 per hour.
• To calculate Derrick's income, the PHA uses the average number of regular hours over the past 3 years (30 hours) multiplied by his current regular pay rate ($12).

SELF-EMPLOYMENT

24 CFR 5.609(b)(28)

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

EXAMPLE
PH Occ GB, Income Determination, p. 14 A self-employed house painter owns a truck he uses for his business as well as several ladders, buckets, and spray paint guns. He also purchases paint rollers and hand brushes each time he is hired to do a job.
• The painter may deduct as business expenses the depreciation on his truck and ladders (capital equipment) as well as the cost of the paint, paint thinner, disposable rollers and paint brushes he purchases throughout the year (business expenses).

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

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

EXAMPLE
Donna Edwards is starting a new business as a dog walker. She is using $500 of her own money to purchase leashes, dog treats, to print fliers, and to advertise. After several months in business, Donna withdraws $500 from the business's checking account as a reimbursement of her initial investment.
• The $500 is not considered income as it is a reimbursement of her own investment.

PH Occ GB, Income Determination, p. 14

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

EXAMPLE
Martin West is the head of household. He earns $35,000 in wages. His spouse Amanda is self-employed and has negative business income of $1,500.
• The family's annual income is $35,000. • Amanda's business loss of -$1,500 does not offset Martin's wages.

24 CFR 5.609(b)(24)

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

24 CFR 5.603(b)

- An *independent contractor* is defined as an individual who qualifies as an independent contractor instead of an employee in accordance with the Internal Revenue Code Federal income tax requirements and whose earnings are consequently subject to the Self-Employment Tax. In general, an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done.

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

EXAMPLE
Belinda Baker drives for Uber. When she pays her taxes, she files a 1099. • She is considered self-employed. Whether she works full-time or part-time, her net income is included in annual income, even if her hours and pay vary.

MILITARY PAY

- Count all regular pay, special pay, and allowances of a member of the armed forces (whether temporarily absent or not).

24 CFR 5.609(b)(11)

- Exclude the special pay for exposure to hostile fire.

Section 2.3 Income of Students

EDUCATIONAL SAVINGS ACCOUNTS

24 CFR 5.609(b)(10)

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

STUDENT LOANS

24 CFR 5.609(b)(20)

- Student loans are excluded from annual income since the regulations exclude loan proceeds (the net amount disbursed by a lender to or on behalf of a borrower, under the terms of a loan agreement) received by the family or a third party (e.g., proceeds received by the family from a private loan to enable attendance at an educational institution or to finance the purchase of a car).

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STUDENT FINANCIAL ASSISTANCE

24 CFR 5.609(b)(9)

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

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- *Actual covered costs* are defined as the actual costs of:
  - 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.

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- The financial assistance must be a grant or scholarship received from:
  - The federal government;
  - A state, tribal, or local government;
  - 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.

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

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

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Section 2.4 Periodic Payments and Nonrecurring Income

PERIODIC PAYMENTS

- *Periodic payments* are forms of income received on a regular, periodic basis.
- HUD regulations specify which periodic payments are not included in annual income but do not specify which types of periodic payments are included.
  - In general, periodic payments to be included in income include payments from Social Security, annuities, insurance policies, retirement funds, pensions, lotteries, disability benefits, and other similar types of periodic receipts and withdrawals from investments as income.

Notice PIH 2019-09

  - 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.

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.

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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.

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 x 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 x 12 = $12,000 • Once the reduction ends, use the gross amount $1,100 x 12 = $13,200

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.

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

NONRECURRING INCOME

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

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

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

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

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

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

Notice PIH 2023-27

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

24 CFR 5.609(b)(24)

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

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

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

EXAMPLE 2: LUMP SUMS
• Logan fund raises $5,000 online to help pay for personal expenses (e.g., "Go Fund Me"). The PHA verified with Logan that this was a one-time solicitation for donations of cash and that Logan does not intend for this to be a recurring source of income. The $5,000 is a one-time, lump-sum addition to net family assets and should not be included in the annual income calculation. • At his next annual reexamination, the PHA determines that Logan solicited for donations online a second time and raised an additional $4,500. Again, Logan certified that he does not intend for this to be a recurring source of income, but, because the PHA can establish a pattern, the $4,500 is not considered a lump-sum addition to net family assets and should be included in the annual income calculation.

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

- Nonrecurring, nonmonetary in-kind donations from friends and family may be excluded as nonrecurring income.

- The exclusion of non-monetary in-kind donations applies only to donations from a food bank or similar organization, not from family members outside of the household.

- The PHA includes regular contributions (cash or noncash) provided on a regular basis.
  - May include rent and utility payments paid on behalf of the family.

- Nonrecurring payments made to the family or to a third-party on behalf of the family to assist with utilities are excluded from annual income.
  - The PHA may accept a self-certification from the family stating that the income will not be repeated in the coming year.
  - However, if a family repeatedly says that a payment is nonrecurring, but the PHA can establish a pattern of the payments actually recurring year after year, the PHA would no longer considered the payments nonrecurring.

EXAMPLE 1
• Jonas Crandall receives a basket weekly from the local food bank that includes both food and toiletries. Because this is an in-kind donation from the local food bank, the PHA must not include the basket items in the calculation of annual income.

EXAMPLE 2
• Holly Hawes (age 22) lives alone. Her father does not live in her unit. On average, he gives her $100 each month to pay her utility bills. Holly self-certifies that he has been paying her utility bills for the last two year and will continue to pay them for the upcoming year. The $100 per month is included as income.

EXAMPLE 3
• Martha Allen (age 37) is a program participant. She receives a bag of groceries every Friday from her mother who does not live with her. She has been receiving this for the last year. She certifies she will continue to receive them. The value of the groceries donated by a family member who lives outside of the household on a recurring basis is included income.

EXAMPLE 4
• John Martin (age 42) lives alone. He states he is zero income. However, John is responsible for the electric bill for his unit. The PHA asks him how he pays the bill. He says his mother (who does not live in the unit) pays the bill, but she will only be paying it for the next 6 months and then John is uncertain how he will pay his electric bill. He signs a self-certification with this information. The PHA is to exclude the payment of the utility bill as non-recurring income.

ZERO INCOME FAMILIES

Notice PIH 2023-27

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

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

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

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

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

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

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

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PUBLIC ASSISTANCE

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

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

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

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IMPUTED WELFARE INCOME

24 CFR 5.615

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

24 CFR 5.615

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

24 CFR 5.615 (c)(2)

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

24 CFR 5.615

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

IMPUTED WELFARE INCOME EXAMPLE 1	
A family is receiving $600/mo. TANF benefits.	
Benefits stop due to welfare fraud.	
Imputed welfare income	= $600
The head begins working, earning $300/mo.	
Employment income	= $300
Imputed welfare income	= $300
Total 50058 monthly income	= $600

IMPUTED WELFARE INCOME EXAMPLE 2		
A family is receiving $600/mo. TANF benefits. Benefits are reduced to $200 due to fraud.		
TANF income	=	$200
Imputed welfare income	=	$400
The head begins working, earning $300/mo.		
TANF income	=	$200
Employment income	=	$300
Imputed welfare income?		
$400–$300	=	$100
Total 50058 monthly income	=	$600

IMPUTED WELFARE INCOME EXAMPLE 3		
A family is receiving $600/mo. TANF benefits. Benefits stop due to failing to participate in required economic self-sufficiency program.		
Imputed welfare income	=	$600
The head begins working, earning $800/mo.		
Employment income	=	$800
Imputed welfare income?	=	$0

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

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24 CFR 5.615(d)

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

Learning Activity 2-4: Imputed Welfare Income

- Betty Childs and her three children currently receive TANF benefits. They do not have any other source of income.
- She notifies you that her TANF benefits are being reduced and you verify with the TANF department that the reason for the reduction is Ms. Childs' failure to comply with economic self-sufficiency requirements.
- Ms. Childs' regular TANF amount was $650 per month. Her TANF is being reduced to $450 per month, and the reduction is expected to last for the next 12 months. During the period of the reduction, she will continue to receive the reduced TANF benefits of $450 each month.
- Using section 7 of the 50058s on the following pages, calculate the Childs family's total annual income (lines 7a through 7i) using the scenarios below.
  - ***Scenario 1:*** Calculate the imputed welfare income and total income for the family at the time of the sanction.

7. Income

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

Over-Income Status (Public Housing Only)	
7j. What is the applicable over-income limit for families of this size?	$ 7j.
7k. Is the family's annual income greater than the over-income limit? [ ] Y [ ] N	7k.
7l. If the family is over-income, note the start date of the 24 consecutive month grace period	7l.

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

7. Income

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

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

7. Income

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

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Section 2.5 Other Types of Income

HEALTH AND MEDICAL CARE REIMBURSEMENTS

24 CFR 5.609(b)(6)

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

AID AND ATTENDANCE FOR VETERANS

24 CFR 5.609(b)(17)

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

HOME-BASED CARE PAYMENTS FOR A FAMILY MEMBER WITH DISABILITIES

24 CFR 5.609(b)(19)

- Exclude payments made by or authorized by a state Medicaid agency (including through a managed care entity) or other state or federal agency to a family to enable a family member who has a disability to reside in the family's assisted unit.
  - Federal Medicaid rules allow states to cover a wide range of institutional and home and community-based long-term services and supports (LTSS), but the type of services, populations covered, and delivery models differ substantially across states based on their individual Medicaid program structure. Many states provide benefits to individuals with a variety of disabilities, which allow such individuals to remain at home rather than reside in institutional settings such as hospitals, nursing homes, or other institutional or segregated settings.

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- 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.

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- 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).

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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.

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

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

REPARATION PAYMENTS

24 CFR 5.609(b)(13)

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

REFUNDS AND REBATES FOR PROPERTY TAXES

24 CFR 5.609(b)(18)

- Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit are excluded.

ADOPTION ASSISTANCE PAYMENTS

24 CFR 5.609(b)(15)

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

LOAN PROCEEDS

24 CFR 5.609(b)(20)

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

MISMANAGEMENT OF ASSETS CLAIMS

24 CFR 5.609(b)(21)

- Exclude payments received by tribal members as a result of claims relating to the mismanagement of assets held in trust by the United States, to the extent such payments are also excluded from gross income under the Internal Revenue Code or other federal law.

HOUSING GAP PAYMENTS

24 CFR 5.609(b)(23)

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

CIVIL RIGHTS SETTLEMENTS AND JUDGMENTS

24 CFR 5.609(b)(25)

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

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- 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 CFR5.609(b)(24)(vii) as a lump-sum addition to net family assets.

FEDERALLY MANDATED INCOME EXCLUSIONS

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

- Value of Food Stamps
  - Value of allotment provided to an eligible household under the Food Stamp Act of 1977.
  - This exclusion also applies to assets.

- Benefits under Section 1780 of the Richard B. 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))
- Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d))

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- 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))

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- 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).

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- 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.
- 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.

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- 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.
- 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)).

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- 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:
  - Calculating the cash value and anticipated income of assets.
  - Calculating imputed asset income when the total cash value of assets exceeds the HUD-determined threshold and the rate of return is unknown.
  - Distinguishing between which assets are included and which are not.
  - Understanding when the PHA may and may not accept self-certification of net family assets.
  - 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.

OVERVIEW

- The regulation at 24 CFR 5.603(b)(3) provides a list of things that are excluded from the calculation of net family assets.
- Unlike previous version of the regulations, the current regulations do not list types of assets that are included in annual income. Instead, HUD relies on the definition of items excluded from assets to provide the scope of what is included.

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Section 3.1 Types of Assets

Notice PIH 2023-27

- All assets are categorized as either real property or personal property.

REAL PROPERTY

Notice PIH 2023-27; 24 CFR 5.603(b)(3)(iv)

- Real property includes things like land or a home.
- Equity in real property (land owned or bequeathed) or other capital investments is considered an asset.
- The PHA counts the net cash value of the real property after deducting reasonable costs that would be incurred in disposing of the family's real property, including repayment of any mortgage debt or other monetary liens on the real property.
  - Expenses to convert to cash may include such costs as broker fees, sales commissions, settlement costs, and transfer taxes.
  - 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 an exclusion from family assets.
- However, the value of real property that the family does not have the effective legal authority to sell in the jurisdiction in which the property is located is not considered an asset, including:
  - Co-ownership situations (including situations where one owner is a victim of domestic violence), where one party cannot unilaterally sell the real property;
  - Property that is tied up in litigation; or
  - Inherited property in dispute.

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EXAMPLE OF REAL PROPERTY EXCLUSION
• Nancy is applying to the PHA's program to get assistance for herself and her two children. • She owns a home with her husband Paul. • Nancy self-certifies she is a victim of domestic violence, and Paul is the perpetrator. • She states that she cannot unilaterally sell the home since Paul is co-owner, and Paul will not be living in the unit with her and their children.
The home is not considered an asset since the home is co-owned and Nancy cannot unilaterally sell it.

PERSONAL PROPERTY

- Personal property includes tangible items like boats as well as intangible items like bank accounts.
- Personal property is categorized as either necessary or non-necessary.
- Necessary personal property:
  - Are items essential to the family for the maintenance, use, and occupancy of the premises as a home; or they are necessary for employment, education, or health and wellness.
  - Includes more than merely items that are indispensable to the bare existence of the family. It may include personal effects (such as items that are ordinarily worn or utilized by the individual), items that are convenient or useful to a reasonable existence, and items that support and facilitate daily life within the family's home.
  - Includes items that assist a household member with a disability, including any items related to disability-related needs, or that may be required for a reasonable accommodation for a person with a disability.
- Necessary items of personal property are excluded from net family assets.
- Non-necessary personal property includes bank accounts, other financial investments, and luxury items.
- Items of personal property that do not qualify as necessary personal property are classified as non-necessary personal property.
  - Determining what is a necessary item of personal property is a highly fact-specific determination, and therefore it is incumbent on PHAs to gather enough facts to qualify whether an asset is necessary or non-necessary personal property.

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NECESSARY PERSONAL PROPERTY	NON-NECESSARY PERSONAL PROPERTY
Car(s)/vehicle(s) that a family relies on for transportation for personal or business use (e.g., bike, motorcycle, skateboard, scooter) Furniture, carpets, linens, kitchenware Common appliances Common electronics (e.g., radio, television, DVD player, gaming system) Clothing Personal effects that are not luxury items cultural value, or which does not hold family (e.g., toys, books) significance Wedding and engagement rings Jewelry used in religious/cultural celebrations and ceremonies Religious and cultural items Medical equipment and supplies Health care–related supplies Musical instruments used by the family Personal computers, phones, tablets, and related equipment Professional tools of trade of the family, for example professional books Educational materials and equipment used by the family, including equipment to accommodate persons with disabilities Equipment used for exercising (e.g., treadmill, stationary bike, kayak, paddleboard, ski equipment)	Recreational car/vehicle not needed for day-to-day transportation for personal or business use (campers, motorhomes, traveling trailers, all-terrain vehicles (ATVs) Bank accounts or other financial investments (e.g., checking account, savings account, stocks/bonds) Recreational boat/watercraft Expensive jewelry without religious or cultural value, or which does not hold family significance Collectables (e.g., coins/stamps) Equipment/machinery that is not used to generate income for a business Items such as gems/precious metals, antique cars, artwork, etc.

- Whether or not personal property is considered an asset depends on if it's considered necessary or non-necessary and the total cash value of the family's non-necessary personal property.
  - Necessary items of personal property are excluded from net family assets.

- When the combined value of all non-necessary personal property does not exceed the HUD-determined threshold, all non-necessary personal property is excluded from net family assets.
- Non-necessary personal property with a combined value greater than the HUD-determined threshold, is considered part of net family assets.

EXAMPLE OF NON-NECESSARY PERSONAL PROPERTY
Martin Prince owns the following: • A coin collection worth $10,000 • An RV he uses for recreation worth $30,000 • A watch he inherited from his father worth $20,000 • A treadmill worth $1,000
• The watch and treadmill are necessary items of personal property and do not count toward net family assets. • The coin collection and RV are non-necessary personal property, but since their total value is $40,000, the PHA will not count the cash value of Martin's non-necessary personal property toward his net family assets.

BANK ACCOUNTS

Notice PIH 2023-27

- HUD considers bank accounts non-necessary items of personal property.
  - When the combined value of all non-necessary personal property is greater than the HUD-determined threshold (adjusted annually for inflation), checking and savings accounts are considered part of net family assets.
  - When the combined value of all non-necessary personal property does not exceed the HUD-determined threshold,, checking and savings accounts are excluded from net family assets.

- Actual income from checking and savings accounts is always included in a family's annual income. Anticipated income must be recorded on the 50058 for every asset, regardless of the total value of net family assets.
- When third-party verification is required, the PHA must obtain a minimum of one statement that reflects the current balance of banking/financial accounts. PHA policy establishes how many statements are used.

EXAMPLE 1: BANK ACCOUNT
Kaitlin has a non-interest-bearing checking account worth $2,300. This is her only asset.
• The cash value of the checking account is excluded from net family assets since her non-necessary personal property does not exceed $54,898. • Anticipated income recorded on the 50058: $0

EXAMPLE 2: BANK ACCOUNT
Brett Dawes has the following: • A savings account worth $8,000 that earns $1 in interest annually. • A non-interest-bearing checking account worth $100
• The cash values of the checking and savings accounts are excluded from net family assets since his non-necessary personal property does not exceed $54,898. • Anticipated income recorded on the 50058: $1

INVESTMENT ACCOUNTS

- HUD considered financial investments like stocks, bonds, savings certificates, money market funds, and other investments as non-necessary personal property.
  - When the combined value of all non-necessary personal property is greater than $54,898, as adjusted annually for inflation, financial investments are considered part of net family assets.
  - When the combined value of all non-necessary personal property does not exceed $54,898, as adjusted annually for inflation, financial investments are excluded from net family assets.
- Actual income from financial investments is always included in a family's annual income. Anticipated income must be recorded on the 50058 for every asset, regardless of the total value of net family assets.
  - When a stock issues dividends in some years but not others, the dividend is counted as the actual return when it is issued, but when no dividend is issued, the actual return is $0.
  - When the stock never issues dividends, the actual return is $0.

EXAMPLE: INVESTMENT ACCOUNT
Diane Dutton has the following: • A savings account worth $60,000 that earns $13 in interest annually. • Stocks with a cash value of $15,000 that pay $150 in dividends annually.
• The cash values of the savings account and stocks are counted toward net family assets since her non-necessary personal property exceeds $54,898. • Anticipated income recorded on the 50058: $163

- When the combined value of all non-necessary personal property does not exceed the HUD-determined threshold, adjusted annually for inflation, all non-necessary personal property is excluded from net family assets. However, any real property is still included in net family assets regardless of its value.

  - For example, a family could have non-necessary personal property with a combined value that does not exceed the HUD-determined threshold, but also own real property such as a parcel of land. Even though the non-necessary personal property would be excluded from net family assets, the real property would be included in net family assets regardless of its value.

EXAMPLE: REAL PROPERTY AND NON-NECESSARY PERSONAL PROPERTY
Owen Howard has the following assets: • A vacant lot with a net cash value of $60,000. • A non-interest-bearing checking account worth $1,000. • A savings account worth $2,000 that pays $2 in interest annually.
• The total of Owen's non-necessary personal property is $3,000. Since his non-necessary personal property does not exceed $524,898, the cash value of the checking account and savings account are not counted toward net family assets. • The income from his savings account is counted as anticipated income on the 50058. • The net cash value of the vacant lot is included in net family assets since it is real property.

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TRUSTS

HUD Handbook 4350.3

- 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.

24 CFR 5.603(b)(4)

- For revocable trusts:
  - 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.

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- 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.

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

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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

EXAMPLE: REVOCABLE TRUST
Adam Chara lives alone. He has placed $100,000 in a revocable trust for his grandson to be available to the grandson upon his death. The trust is revocable, that is, Adam has control of the principal and interest in the account and can amend the trust or remove the funds at any time.
• The PHA must count the $100,000 in Adam's net family assets. The PHA will also count the interest earned on the trust as actual income from Adam's assets.

EXAMPLE: IRREVOCABLE TRUST
Candy Kim has an irrevocable trust established by her parents for her care. Last year she received $18,000 payable in $1,500 monthly increments. The attorney managing the trust reported that $3,500 of the funds was interest and $14,500 was principal.
• Since the trust is irrevocable, it is not counted as an asset. • The $3,500 in interest payments each year are counted as income. • The $14,500 in principal is not counted as income.

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JOINTLY OWNED ASSETS

Notice PIH 2023-27

- Jointly owned assets are assets owned by the family and one or more individuals outside of the assisted family.
- The PHA must include the total value of the asset in the calculation of net family assets, unless the asset is otherwise excluded or unless the assisted family can demonstrate that the asset is inaccessible to them, or that they cannot dispose of any portion of the asset without the consent of another owner who refuses to comply.
- If the family demonstrates that they can only access a portion of an asset, then only that portion's value will be included in the calculation of net family assets for the family.
  - For example, if an inheritance stipulates that proceeds from the sale of a house are to be divided up between a member of the assisted family and two other individuals who do not live in the assisted unit, then only 1/3 of the net cash value of the house should be counted toward net family assets.
- Any income from a jointly owned asset must be included in annual income, unless that income is specifically excluded or unless the family demonstrates that they do not have access to the income from that asset, or that they only have access to a portion of the income from that asset.
  - For example, a member of the assisted family has a joint checking account with their mother, who is not on the program. Generally, the entire value of the account and all the actual income from the account is counted toward net family assets, unless the individual can demonstrate that the asset is inaccessible to them or that they cannot dispose of or withdraw any portion of the asset without the consent of the other person who refuses to comply.

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- If an individual is a beneficiary who is entitled to access the account's funds only upon the death of the account's owner, and may not otherwise withdraw funds from an account, then the account is not an asset to the assisted family, and the family should provide proper documentation demonstrating that they are only a beneficiary on the account.

EXAMPLE: INACCESSIBLE JOINTLY OWNED ASSET
Katie is head of household and lives alone. She is listed as a beneficiary on her mother's savings account. She is only entitled to access the funds in the account on the death of her mother (the account's owner) and may not otherwise withdraw funds.
• The account is not an asset. • Katie should provide proper documentation demonstrating that she is only a beneficiary on the account.

EXAMPLE: ACCESSIBLE JOINTLY OWNED ASSET
Carl is head of household and lives alone. He has a joint, non-interest-bearing checking account with his mother who does not live with him. They can both access funds from the account and may withdraw the entire balance at any time.
• The account is considered when determining Carl's net family assets.

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.

EXAMPLE: ONE-TIME LUMP SUM
Mia LaRue won $10,000 in the lottery. She is taking it as a one-time payment. Mia uses $5,000 to buy a car that she will use to commute to work and spends the remainder taking her family on a vacation.
• The payment is not income since it is a one-time lump sum. • Since none of the lump sum is retained as an asset, the lump sum is not counted toward Mia's net family assets.

Federal tax Refunds or Refundable Tax Credits

24 CFR 5.603(b)(3)(xi)

- All amounts received by a family in the form of federal tax refunds or refundable tax credits are excluded from a family's net family assets for a period of 12 months after receipt by the family.

Notice PIH 2023-27

- At the time of an annual or interim reexamination of income, if the federal tax refund was received during the 12 months preceding the effective date of the reexamination, then the amount of the refund that was received by the family is subtracted from the total value of net family assets.
  - When the subtraction results in a negative number, then net family assets are considered $0.
- PHAs are not required to verify the amount of the family's federal tax refund or refundable tax credits if the family's net assets are equal to or less than the HUD-determined threshold, adjusted annually for inflation, even in years when full verification of assets is required or if the PHA does not accept self-certification of assets.
- PHAs must verify the amount of the family's federal tax refund or refundable tax credits if the family's net assets are greater than the HUD-determined threshold, adjusted annually for inflation.

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- The anticipated income earned by the assets in which a family has deposited their federal tax refund or refundable tax credits must be included in the family's annual income unless the income is specifically excluded.

EXAMPLE: TAX REFUNDS
Chris received a $4,500 federal tax refund on 3/1. He deposited the entire refund into his checking account. The checking account is his only asset. At his 8/1 annual reexam, he self-certifies that his account balance is $10,000. He reports his actual income from the checking account is $100.
• The PHA must subtract the $4,500 tax refund from the family's net assets of $10,000. • The cash value of the checking account to be counted toward net family assets is $5,500. • Since his non-necessary personal property is less than $54,898, the PHA excludes the entire checking account from his net family assets. • The PHA includes $100 as anticipated income on the 50058.

LIFE INSURANCE POLICIES

- 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.

EXAMPLE: WHOLE LIFE INSURANCE
James May has a whole life insurance policy with a face value of $100,000 and a surrender value of $30,000. It pays a $100 annual dividend.
• $30,000 will be included in the calculation of net family assets. Since there is no other non-necessary personal property, the cash value of the life insurance is not included as an asset since net family assets do not exceed $54,898. • The annual dividend of $100 is included as actual income from the asset.

RETIREMENT ACCOUNTS

24 CFR 5.603(b)(3)(iii)

- Exclude from net family assets the value of any account under a retirement plan recognized as such by the Internal Revenue Service, including individual retirement arrangements (IRAs), employer retirement plans, and retirement plans for self-employed individuals.

24 CFR 5.609(b)(26)

- Income 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 are excluded from annual income.
  - In other words, any income earned on the funds while stored in a retirement account is not considered actual income from an asset.
  - A listing of IRS-recognized retirement accounts may be found at https://www.irs.gov/retirement-plans/plan-sponsor/types-of-retirement-plans. IRS-recognized retirement plans include Individual Retirement Arrangements IRAs, Roth IRAs, 401(k) plans, SIMPLE 401(k) plans, 403(b) plans, SIMPLE IRA Plans (Savings Incentive Match Plans for Employees), SEP Plans (Simplified Employee Pension), SARSEP Plans (Salary Reduction Simplified Employee Pension), Payroll Deduction IRAs, Profit Sharing Plans, Defined Benefit Plans, Money Purchase Plans, Employee Stock Ownership Plans (ESOPs), Governmental Plans, 457 Plans, and Multiple Employer Plans

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- However, any distribution of periodic payments from such accounts is included in annual income at the time they are received by the family.

EXAMPLE: RETIREMENT ACCOUNT
Hannah Hall (age 72) has an IRA. The current balance is $200,000. The account pays approximately 2% interest annually. She receives monthly payments from the account of $800.
• The account is not an asset. • The 2% interest earned on the account is not anticipated income since the account is not an asset. • However, the monthly payments are considered income.

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.

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- 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.

Section 3.2 Calculating Income from Assets

NET FAMILY ASSETS

24 CFR 5.603(b)(1)

- Net family assets is defined as the net cash value of all assets owned by the family, after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment.
- Reasonable costs that would be incurred when disposing of an asset include, but are not limited to, penalties for premature withdrawal, broker and legal fees, and settlement costs incurred in real estate transactions such as settlement costs and transfer taxes.
- *Market value - Reasonable costs to convert an asset to cash = Net cash value*

CFR 5.603(b)

- To determine net family assets, the PHA must calculate the net cash value of each asset. The net cash value of an asset is the market value less reasonable expenses that would be incurred by the family to sell or convert the asset to cash.
  - Market value is what an asset is worth.
  - The cash value of an asset is the amount the family would actually receive if the asset were converted to cash.
  - The family is not required to actually convert an asset to cash.

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- Net family assets is the net cash value of all assets added together.

EXAMPLE: NET FAMILY ASSETS

- Dave owns a $51,000 CD and a non-interest-bearing checking account worth $10,000. The penalty for early withdrawal for the CD is $400.
- The CD and the checking account are non-necessary personal property.
- The PHA uses the current balance of the checking account as its net cash value.
- For the CD, the PHA performs the following calculation:

Market Value		$51,000
Less reasonable costs to convert to cash		$400
Equals net cash value	=	$50,600

Dave's net family assets are:

Checking account	$10,000
+ CD	+$50,600
Equals net family assets	$60,600

INCOME FROM ASSETS

- Income or returns from assets are generally considered to be interest, dividend payments, or other actual income earned on the asset.
- Income from assets must be included in the family's income in Section 6 of the 50058.
- Some assets generate no income, such as:
  - Non-interest-bearing checking account
  - Non-necessary items of personal property such as a recreational boat
- Many assets do generate income, such as:
  - Interest on savings accounts
  - Dividends from stock

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Notice PIH 2023-27

- Unless the income is specifically excluded, actual income from assets is always included in the family's annual income.
  - Regardless of the total value of net family assets.
- Income from assets is always anticipated for the next 12 months, regardless of the certification type.

NET FAMILY ASSETS EQUAL TO OR LESS THAN $54,898

- When net family assets are equal to or less than the HUD-determined threshold, adjusted annually for inflation, the PHA may accept the family's self-certification that their assets do not exceed the HUD-determined threshold without taking any additional steps to verify the accuracy of the declaration.
- However, the PHA is required to obtain third-party verification of all assets, regardless of the amount, at least once every three years.
- If self-certification is accepted, the PHA must follow a pattern of relying on self-certification for two years in a row and then fully verify assets in the third year.
- This policy is optional. The PHA may still verify all family assets regardless of the amount. PHA policy must address whether families may self-certify assets.
- If the PHA allows for self-certification, the declaration must include the amount of income the family expects to receive from assets. The PHA must include the amount on the family's declaration in the family's income on the Form HUD-50058. The PHA does not calculate income from assets in this case because the PHA must use the amount on the family's self-certification.
- Regardless of whether the PHA uses self-certification or third-party verification, actual income from assets must be included on the Form HUD-50058.

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24 CFR 5.609(b)(1)

- When net family assets are equal to or less than the HUD-determined threshold, adjusted annually for inflation, the PHA may not calculate imputed returns as family income.

EXAMPLE: SELF-CERTIFICATION	
Jenny Jones has a savings account. This is her only asset. On her declaration form, she states the following:	
Current Value	$1,400
Actual income from the account	$1
The PHA may accept self-certification of the value of the account provided PHA policy allows for self-certification. The savings account is not an asset since her non-necessary personal property does not exceed $54,898. The PHA does not calculate imputed income from her savings account since her assets do not exceed $54,898. The PHA includes $1 as actual income from her savings account on the 50058.	

NET FAMILY ASSETS EXCEEDING $54,898

- When net family assets have a total value over the HUD-determined threshold, adjusted annually for inflation, the PHA may not rely on the family's self-certification. Instead, the PHA must obtain third-party verification of all assets.
  - If Safe Harbor verification is obtained from a means-tested Federal assistance program, however, this determination counts as "fully verifying" the family's assets, and no additional verification may be obtained.

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- The PHA must calculate income using the following methods:
  - If actual returns (income) can be calculated, the PHA includes actual income for each asset, which is calculated by using the market value x interest rate or rate of return.
  - If actual returns cannot be calculated, imputed returns are included based on the current passbook savings rate, as determined by HUD. Effective January 1, 2027, the HUD-determined passbook rate is 0.38%.
  - Imputed asset income is calculated by multiplying the net cash value of the asset, after deducting reasonable costs that would be incurred in disposing of the asset, by the HUD-published passbook rate. If the PHA can calculate actual returns from some assets and unable to calculate actual returns from others, the PHA uses the actual returns from those assets where the rate of return is known and uses an imputed calculation for those assets where it is unknown. The PHA then adds all asset income together to determine final asset income.
  - An asset with an actual return of $0 (such as a non-interest-bearing checking account), is not the same as an asset for which an actual return cannot be computed (such as non-necessary personal property).
  - If the asset is a financial asset and there is no income generated (for example, a non-interest-bearing bank account or a stock that does not issue cash dividends), then the asset generates zero actual asset income, and imputed income is not calculated.
- The passbook rate is never applied when net family assets are equal to or less than the HUD-determined threshold. The passbook rate is only applied when net family assets exceed the HUD-determined threshold and only to those assets where the rate of return is unknown.

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EXAMPLE 1: ASSETS OVER $54,898
Dave has a CD with a $51,000 market value and a non-interest-bearing checking account worth $10,000.
• The checking account earns no anticipated income. • For the CD, the PHA verifies it pays 4% interest annually. • $51,000 market value x 4% interest = $2,040 income from the CD.

EXAMPLE 2: ASSETS OVER $54,898
Glenn and Jeri Jorgensen have the following assets: • Vacant land with a cash value of $25,000. • A savings account worth $55,000 that pays 1% interest.
• The family's total net assets are $80,000. • The actual income of the savings account is $55,000 x 1% = $550. • The PHA is unable to calculate the actual income earned for the property, so imputed asset income is calculated as $25,000 x 0.38% = $95. • Final asset income is $645.

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Learning Activity 3-1: Asset Inclusions and Exclusions

Task: Answer the following questions and then fill out Section 6 of the FORM HUD 50058.

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.

Is the cash value of the account included in net family assets?

How much anticipated income is included on the 50058?

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.

Is the cash value of the account included in net family assets?

How much anticipated income is included on the 50058?

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Record Jack's savings account on the Form HUD-50058.

6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				$ 6g.	$ 6h.	$ 6i.
6j. Passbook rate (written as decimal)						6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						6k.

Scenario 3: Steven Saunders (age 28) is head of household. He has a savings account worth $14,500. It pays 1% interest annually. He has a retirement account worth $300,000 that pays 4% interest annually. These are his only assets.

Are the accounts considered when determining net family assets?

How much anticipated income is included on the 50058?

Record Steven's assets on the Form HUD-50058.

6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				$ 6g.	$ 6h.	$ 6i.
6j. Passbook rate (written as decimal)						6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						6k.

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.
- The cash value is the difference between the actual cash value of the asset and the amount received.

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. Ms. Smith paid broker's fees and settlement costs of $15,000. This was her only asset.
$90,000 - $15,000 in expenses to convert to cash $75,000 cash value - $5,000 received when disposed $70,000 imputed income
• The amount to be included in net family assets for 2 years from the date of sale is $70,000. • Since actual income cannot be calculated, and the total net cash value of her assets is greater than $54,898, the PHA will use the HUD-determined passbook rate to calculate anticipated income. • The $5,000 she received from her daughter is a lump sum. It is not income. It is not an asset since it was not retained as an asset. • Final asset income: $70,000 x 0.38%= $266

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.

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Section 3.4 Restriction on Assistance Based on Assets

24 CFR 5.618

- There are two circumstances under which a family is ineligible for the program based on asset ownership.
  - First, assistance may not be provided to any family if the family's net assets exceed the HUD-determined threshold, adjusted annually for inflation. For 2027, this number is $109,797.
  - Second, the family has real property that is suitable for occupancy by the family as a residence and the family has:
    - A present ownership interest in the real property;
    - A legal right to reside in the real property; and
    - The effective legal authority to sell (based on state or local laws of the jurisdiction where the property is located) the real property.
- However, the real property restriction does not apply in the following circumstances:
  - Any property for which the family is receiving assistance for a manufactured home under 24 CFR 982.620 or under the HCV Homeownership program
  - Any property that is jointly owned by a member of the family and at least one non-household member who does not live with the family, if the non household member resides at the jointly owned property
  - Any family that is offering the property for sale
  - Any person who is a victim of domestic violence, dating violence, sexual assault, or stalking
    - When a family asks for an exception because a family member is a victim of domestic violence, dating violence, sexual assault, or stalking, the PHA must comply with all the confidentiality requirements under VAWA. The PHA must accept a self-certification from the family member, and the restrictions on requesting documentation under VAWA apply.

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- A property is considered suitable for occupancy unless the family demonstrates that it:
  - Does not meet the disability-related needs for all members of the family (e.g., physical accessibility requirements, disability-related need for additional bedrooms, proximity to accessible transportation, etc.);
  - Is not sufficient for the size of the family;
  - Is located so as to be a hardship to the family (e.g., the location would be a hardship for the family's commute to work or school);
  - Is unsafe because of physical condition; or
  - Is not a property that a family may reside in per local and state laws (e.g., a storefront zoned for commercial use only).
- The PHA may determine compliance based on a certification by a family that the family does not have any present ownership interest in any real property at the time of the income determination or review.
- PHAs have discretion whether to enforce the asset limitation at annual and interim recertification. The PHA must adopt policies regarding the asset limitation and may adopt a written policy of:
  - Total non-enforcement
  - Enforcement
  - Limited non-enforcement
  - Exceptions for some families
- The PHA may choose not to enforce the asset limitation at all for any participants. If the PHA adopts a total non-enforcement policy, it must apply the same for all families.

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- If the PHA chooses to adopt a policy of enforcement, at every recertification, the PHA determines whether families are out of compliance with the asset limitation. If a family is out of compliance, the PHA must initiate termination of assistance within 6 months of the effective date of the recertification. Families are not given an opportunity to cure noncompliance.
- If the PHA chooses to adopt a policy of limited enforcement, noncompliant families are given an option to cure. The PHA specifies a time period to cure in policy of up to but no longer than 6 months (except as a reasonable accommodation). If family remains out of compliance after cure period, the PHA must initiate termination of assistance within 6 months of the effective date of the recertification.
- The PHA may also identify exception policies in PHA policy. Families in a specified exception category (or categories) may be subject to total non-enforcement or limited enforcement. This may be combined with an enforcement policy for families not in an exception category or the PHA may give families in an exception category longer to cure noncompliance (though not more than 6 months except as a reasonable accommodation) than those who are not in an exception category.

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Notes

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 Section 8 of the 50058, 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

- Adjusted income is calculated using Section 8 of the Form HUD-50058.

24 CFR 5.611

- 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

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- The PHA may also make permissive deductions for additional categories as established in PHA policy.
- 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.

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Section 4.1 Elderly/Disabled Allowance

CFR 5.403 and CFR 5.611(a)(2)

- Effective January 1, 2027, the elderly/disabled allowance is $575.
- 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 the allowance.
- 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.
- If both the head of household and spouse or cohead are elderly or disabled, the allowance is not doubled.

EXAMPLE 1: ELDERLY FAMILY
The McKenzie family consists of head of household Miles (age 81) and his spouse Marta (age 79). Their adult son Manny (age 40), who is a person with disabilities, lives with them.
• Does the family qualify for the elderly/disabled deduction? - Yes, the head of household and spouse are elderly. • How much is the deduction? - $575

EXAMPLE 2: DISABLED FAMILY
The Miller family consists of head of household Maria (age 35), who is a person with disabilities, and her 3-year-old daughter.
• Does the family qualify for the elderly/disabled deduction? - Yes, the head of household is disabled.

EXAMPLE 3: NO DEDUCTIONS
The Martinez family consists of head of household Manny (age 30) and his spouse Gloria (age 29). They have a 7-year-old daughter, who is a person with disabilities.
• Does the family qualify for the elderly/disabled deduction? - No, neither the head of household or spouse is elderly or a person with disabilities

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Section 4.2 Dependent Allowance

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

- Effective January 1, 2027, the dependent allowance is $525 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 head, spouse, cohead, foster children, foster adults, and live-in aides are never dependents.

EXAMPLE OF THE DEPENDENT DEDUCTION
The Marsh family consists of head of household Walter Marsh (age 41) and his spouse Marla (age 42) who is a person with disabilities. They have a 4-year-old daughter, a 7-year-old foster child, and a 19-year-old son who is a full-time student. Marla's sister Mandy (age 39) (who is a person with disabilities) also lives with them.
• Who in the family qualifies for the dependent deduction? - 4-year-old daughter (minor) - 19-year-old son (full-time student who is not head, spouse, or cohead) - Marla's sister Mandy (adult person with disabilities who is not head, spouse, or cohead) • Who in the family does not qualify for the dependent deduction? - The head of household and spouse 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.

PH Occ GB, Income Determination, p. 32

- 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.
- 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 childcare center.
  - A PHA may not disallow a deduction for childcare 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 childcare 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.

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- Childcare expenses deducted to permit employment may not exceed the amount of employment income included in annual income.

HCV Program GB 5-29 through 30

  - 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.

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 childcare, the PHA would use Holly's income of $20,000 per year as the cap on the family's childcare expense deduction.

EXAMPLE: CHILD CARE EXPENSES
Sofia pays $1,000 per month for full-time childcare for her 7-year-old daughter. The PHA verifies Sofia works 15 hours per week on weekday mornings and attends school 15 hours per week on weekday afternoons. She earns $7.25 per hour at her job.
In order to calculate the allowable childcare cost, the PHA must calculate Sofia's childcare costs for work and compare this amount to the amount earned.
• Annual childcare costs: $1000 per month x 12 = $12,000 • Cost attributed to work: $6,000 • Cost attributed to school: $6,000 • Annual earned income: $7.25 x 15 hours x 52 weeks = $5,655 • Allowable childcare costs: - Work $5,655 (capped by earnings) - School $6,000 • Total allowable child care deduction: $11,655

EXEMPTION TO CONTINUE THE CHILDCARE DEDUCTION

24 CFR 5.611(d)

- A family whose eligibility for the childcare expense deduction is ending may request a financial hardship exemption to continue receiving the deduction.
- The PHA must recalculate the family's adjusted income and continue the childcare deduction if the family demonstrates to the PHA's satisfaction that the:
  - Family is unable to pay their rent because of the loss of the childcare expense deduction; and
  - Childcare expense is still necessary even though the family member is no longer employed or furthering their education.
- The hardship exemption and the resulting alternative adjusted income calculation must remain in place for a period of up to 90 days.

- The PHA may, at its discretion, extend the hardship exemptions for additional 90-day periods based on family circumstances.
- The PHA must promptly notify the family in writing of the change in the determination of adjusted income and the family's rent resulting from hardship exemptions.
- The notice must inform the family of when the hardship exemption will begin and expire.
- The PHA may terminate the hardship exemption if they determine that the family no longer needs it.
- The PHA must establish a policy on what constitutes a hardship.

EXAMPLE: CHILD CARE EXPENSES
Ms. Branch had been paying $250 per week out-of-pocket for her child Violet to attend childcare while she worked at a local coffee shop. Ms. Branch became unemployed when the coffee shop permanently closed. She reports she will be going to school in two months.
Although Ms. Branch has the availability to watch Violet, the childcare center has a long waiting list, and if Ms. Branch pulls Violet out temporarily, she would likely be without reliable childcare when she starts college. Continuing to pay childcare expenses while not receiving earned income has made the family unable to pay their rent portion.
The PHA determined that Ms. Branch met the hardship exemption criteria and is unable to pay rent. The PHA will allow Ms. Branch to continue to receive the childcare expense deduction for 60 days as a hardship. Ms. Branch will qualify for the childcare expense deduction again when she starts college

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.

Task: Calculate Becky's annual income and then use the Form HUD-50058 to calculate her adjusted income.

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8. Deductions and Allowances

8a. Total annual income: copy from 7i			$	8a.
Permissive Deductions				
8b. Family Member Name	No.	8c. Type of permissive deduction	8d. Amount	
			$	
			$	
			$	
			$	
			$	
			$	
8e. Total permissive deductions (sum of column 8d)			$	8e.
If head/spouse/co-head is under 62 and no family member is disabled, skip to 8l				
8f. Medical/disability threshold: 8a X 0.10			$	8f.
8g. Total annual unreimbursed disability assistance expense (if no disability expenses, skip to 8k)			$	8g.
8h. Maximum disability allowance: If 8g minus 8f is positive or zero, put amount			$	8h.
	If negative and head/spouse/co-head is under 62 and not disabled, put 0		$	8h.
	If negative and head/spouse/co-head is elderly or disabled, copy from 8g		$	8h.
8i. Earnings in 7d made possible by disability assistance expense			$	8i.
8j. Allowable disability assistance expense: lower of 8h or 8i (if 8g is less than 8f and head/spouse/co-head elderly or disabled, copy from 8h)			$	8j.
8k. Total annual unreimbursed health/medical expenses (if head/spouse/co-head under 62 and not disabled, put 0)			$	8k.
8l. Family is eligible for medical or child care expense hardship or both?				8l.
8m. Total annual disability assistance and medical expense: 8j + 8k (if no disability expenses, copy from 8k)			$	8m.
8n. Medical/disability assistance deduction:	If no disability assistance expenses or if 8g is less than 8f, put 8m minus 8f (if 8m minus 8f is negative, put zero)		$	8n.
	If disability assistance expenses and 8g is greater than or equal to 8f, copy from 8m		$	8n.
8p. Elderly/disability allowance			$	8p.
8q. Number of dependents (people under 18, or with disability, or full-time student. Do not count head of household, spouse, co-head, foster child/adult, or live-in aide.)				8q.
8r. Allowance per dependent			$	8r.
8s. Dependent allowance: 8q X 8r			$	8s.
8t. Total annual unreimbursed child care costs			$	8t.
8x. Total allowances: 8e + 8n + 8p + 8s + 8t			$	8x.
8y. Adjusted annual income: 8a minus 8x (if 8x is larger, put 0)			$	8y.

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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 10 percent of annual income.
  - Families experiencing a hardship due to the increase may be eligible for a hardship exemption. Hardship exemptions are discussed later in this section.

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 childcare and disability assistance expenses.

EXAMPLE: DISABILITY ASSISTANCE EXPENSES
Head of household Graham Green (age 47) 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. He is not receiving the phase-in.
• 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. Total Annual Income: $35,000 • Disability assistance expense $13,000 - $3,500 = $9,500 - Dependant allowance: $525 - = $10,025 total allowances - Adjusted income: $35,000 - $10,025 = $24,975

Section 4.5 Health and Medical Care Expenses

24 CFR 5.603(2)(b) and 24 CFR 5.611(a)(3)(i)

- 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. They do not qualify for the phase-in.
• 10% of annual income is $4,300 • $5,000 in health and medical care expenses - $4,300 = $700 health and medical care expense deduction • $700 health and medical care expense deduction + $575 elderly/disabled deduction = $1,275 • Adjusted income = $43,000 - $1,275 = $41,725

- 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.

24 CFR 5.603(b)(2)

- 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.

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- 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.

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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.

Task: Calculate their annual income and then use the Form HUD-50058 to calculate her adjusted income.

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8. Deductions and Allowances

8a. Total annual income: copy from 7i			$	8a.
Permissive Deductions				
8b. Family Member Name	No.	8c. Type of permissive deduction	8d. Amount	
			$	
			$	
			$	
			$	
			$	
			$	
8e. Total permissive deductions (sum of column 8d)			$	8e.
If head/spouse/co-head is under 62 and no family member is disabled, skip to 8l				
8f. Medical/disability threshold: 8a X 0.10			$	8f.
8g. Total annual unreimbursed disability assistance expense (if no disability expenses, skip to 8k)			$	8g.
8h. Maximum disability allowance: If 8g minus 8f is positive or zero, put amount			$	8h.
	If negative and head/spouse/co-head is under 62 and not disabled, put 0		$	8h.
	If negative and head/spouse/co-head is elderly or disabled, copy from 8g		$	8h.
8i. Earnings in 7d made possible by disability assistance expense			$	8i.
8j. Allowable disability assistance expense: lower of 8h or 8i (if 8g is less than 8f and head/spouse/co-head elderly or disabled, copy from 8h)			$	8j.
8k. Total annual unreimbursed health/medical expenses (if head/spouse/co-head under 62 and not disabled, put 0)			$	8k.
8l. Family is eligible for medical or child care expense hardship or both?				8l.
8m. Total annual disability assistance and medical expense: 8j + 8k (if no disability expenses, copy from 8k)			$	8m.
8n. Medical/disability assistance deduction:	If no disability assistance expenses or if 8g is less than 8f, put 8m minus 8f (if 8m minus 8f is negative, put zero)		$	8n.
	If disability assistance expenses and 8g is greater than or equal to 8f, copy from 8m		$	8n.
8p. Elderly/disability allowance			$	8p.
8q. Number of dependents (people under 18, or with disability, or full-time student. Do not count head of household, spouse, co-head, foster child/adult, or live-in aide.)				8q.
8r. Allowance per dependent			$	8r.
8s. Dependent allowance: 8q X 8r			$	8s.
8t. Total annual unreimbursed child care costs			$	8t.
8x. Total allowances: 8e + 8n + 8p + 8s + 8t			$	8x.
8y. Adjusted annual income: 8a minus 8x (if 8x is larger, put 0)			$	8y.

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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 10 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 10 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 10 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 10 percent of annual income. (Total disability assistance expense is added to the total health and medical care expenses, and then the 10 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.

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- However, when the household is also eligible for a health and medical care expense allowance, the 10 percent may have been exhausted in the first calculation. Then it will not be also applied to the health and medical care expenses.

HARDSHIP EXEMPTIONS

- As discussed above, HOTMA increases the threshold for unreimbursed health and medical care expenses and/or the disability assistance expense deductions to 10 percent, up from three percent under the previous regulations.
- As such, the new regulations provide for two types of hardship exemptions categories for families that qualify for unreimbursed health and medical care expenses and/or disability assistance expenses.
  - Phased-in relief: Families already receiving the deduction
  - General relief: Families who can demonstrate a financial hardship

PHASED-IN RELIEF

- Phased-in relief is for families who qualified for and were taking one or both of the deductions prior to the date the PHA begins implementing the relief or the applicable HOTMA compliance deadline established by notice, whichever occurs first. These families will begin receiving relief at their next annual or interim reexamination, whichever occurs first after that date.
- For these families, the threshold amount of 10 percent must be phased in over a 24-month period:
  - The family is eligible for a deduction totaling the sum of expenses that exceeds 5 percent of annual income for the first 12 months.

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- At the conclusion of 12 months, the family is eligible for a deduction totaling the sum of their expenses that exceed 7.5 percent of annual income for another 12 months.
- At the conclusion of 24 months, the standard threshold amount of 10 percent must be used.
- Note: In instances where the first transaction for the family following full HOTMA compliance is a non-interim update, the applicable threshold for the family remains at 3 percent. The PHA applies the 5 percent threshold at the family's first interim or annual reexamination following the date the PHA begins compliance.

EXAMPLE: MS. BELL
ABC PHA implements full HOTMA on 1/1/27. Ms. Bell's annual reexam is due on 6/1/27, which is her first reexam after the PHA's HOTMA compliance date. She was receiving a deduction for unreimbursed health and medical care expenses at her 6/1/26 annual reexam. The PHA did not perform any interims for her after her annual in 2026. She qualifies for phased-in relief since she was receiving a health and medical care expenses deduction at her most recent income review prior to 1/1/27. At her 6/1/27 annual reexam, Ms. Bell's annual income is $10,000. Her unreimbursed health and medical care expenses are $800.
The PHA applies a 5% threshold since she qualifies for phased-in relief. • $10,000 annual income x 5% = $500 threshold • $800 in expenses - $500 threshold = $300 deduction The PHA processes an interim for her on 9/1/27 based on a change in her unearned income. The PHA continues to use the 5% threshold since the 5% threshold is applied for 12 months from her 6/1/27 annual. At her 6/1/28 annual, the PHA applies the 7.5% threshold. At her 6/1/29 annual, the PHA applies the 10% threshold.

EXAMPLE: CALCULATION OF PHASED-IN RELIEF

John and Heidi qualify for phased-in relief at their first annual reexam after the PHA implements full HOTMA. Their annual income is $40,000. The PHA verifies their annual out-of-pocket health and medical care expenses are $5,000.

- The family is eligible for a deduction totaling the sum of expenses that exceeds 5% of annual income for the first 12 months.
  - $40,000 x 5% = $2,000
  - $5,000 - $2,000 = $3,000 in annual health and medical care expenses for the first 12 months
- At the conclusion of 12 months, the family is eligible for a deduction totaling the sum of their expenses that exceed 7.5 percent of annual income for another 12 months.
  - $40,000 x 7.5% = $3,000
  - $5,000 - $3,000 = $2,000 in annual health and medical care expenses for the second 12 months
- At the conclusion of 24 months, the standard threshold amount of 10 percent would be used.
  - $40,000 x 10% = $4,000
  - $5,000 - $4,000 = $1,000 in annual health and medical care expenses

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- Prior to the end of the 24-month period, the family may request a hardship exemption under the second category below. If the family is found eligible under the second category, the hardship exemption under the first category ends, and the family's hardship is administered in accordance with the requirements listed below.
- When an eligible family's phased-in relief begins at an interim reexamination, the PHA must process another transaction one year later to move the family to the next phase. The transaction can be either an interim reexamination if triggered, or a non-interim reexamination transaction.
  - PHAs must track the 24-month phase-period for each eligible family even if a family's expenses go below the appropriate phase-in percentage during the first or second 12-month phase-in period.
  - The phase-in must continue for families who move with continued assistance or port in HCV and for families who transfer to another public housing unit at the same PHA. PHAs may establish a policy to continue the phase-in for eligible families who are treated as new admissions under a different program like a family who moves from public housing to HCV.

GENERAL RELIEF

- The general relief hardship is for families that can demonstrate:
  - Their health and medical care and/or disability assistance expenses increased; or
  - The family's financial hardship is a result of a change in circumstances (as defined in PHA policy) that would not otherwise trigger an interim reexamination.
- The family may request a hardship exemption under the second category regardless of whether the family previously received the health and medical care and/or disability assistance deductions or are currently or were previously receiving relief under the first category.
- If the family qualifies under the second category, the family will receive a deduction for the sum of eligible expenses that exceed five percent of annual income.
- The family's hardship relief ends when the circumstances that made the family eligible for the relief are no longer applicable or after 90 days, whichever is earlier.
- However, the PHA may, at its discretion, extend the relief for one or more additional 90-day periods while the family's hardship condition continues.

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EXAMPLE: GENERAL RELIEF
Tara and Maurice qualify for the health and medical care expenses deduction. They are not receiving phased-in relief. They recently had an increase in their health and medical care expenses and are requesting a general relief hardship exemption. The PHA grants the exemption. Their annual income is $30,000. The PHA verifies their annual out-of-pocket health and medical care expenses are $8,000.
• The family is eligible for a deduction totaling the sum of expenses that exceeds 5% of annual income. - $30,000 x 5% = $1,500 - $8,000 - $1,500 = $6,500 in annual health and medical care expenses for 90 days • At the conclusion of 90 days, the family no longer requires the hardship exemption. - $30,000 x 10% = $3,000 - $8,000 - $3,000 = $5,000 in annual health and medical care expenses

REQUIREMENTS FOR HARDSHIPS

Notice PIH 2023-27

- For both the childcare and health and medical care/disability assistance hardship categories, PHAs must establish policies:
  - Regarding the types of circumstances that will allow a family to qualify for hardship exemptions
  - When the deductions may be eligible for 90-day extensions
  - Requiring families to report if the circumstances that made the family eligible for the hardship exemption are no longer applicable
- The PHA may not conduct an interim to add, remove, or to extend a hardship exemption unless another change triggers an interim. Instead, the PHA will submit a non-interim reexamination transaction.

- PHAs must promptly notify families in writing if they are denied either an initial hardship exemption or an additional 90-day extension of the exemption. The notification must specifically state the reason for the denial.
- If the hardship is approved, PHAs must promptly notify families in writing of the change in the determination of adjusted income and the family's rent resulting from the hardship exemption. The written notice must inform the family of the dates that the hardship exemption will begin and expire and the requirement for the family to report to the PHA if the circumstances that made the family eligible for relief are no longer applicable. The notice must also state that the family's adjusted income and tenant rent will be recalculated upon expiration of the hardship exemption. PHAs must provide families with 30 days' notice of any increase in rent.
- PHAs must notify the family if the hardship exemption is no longer necessary and will be terminated because the circumstances that made the family eligible for the exemption are no longer applicable. The notice must state the termination date and provide 30 days' notice of rent increase, if applicable.

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Learning Activity 4-3: Hardship and Exemptions

Scenario 1: Amanda and Javier Campos first qualified for health and medical care expenses at their 8/1/26 annual reexamination. They did not have any interims after that date. The PHA implements phased-in relief for certifications effective 1/1/27.

1. Does the Campos family qualify for phased-in relief? If so, when would it be applied?

---

2. Phased-in relief is applied at their 8/1/27 annual reexamination. Four months later, an interim is processed for a change in their unearned income. What phase-in threshold percentage would be applied to their health and medical care expenses at the interim reexam?
   a. 3%
   b. 5%
   c. 7.5%
   d. 10%

Scenario 2: Mai Tran first qualified for health and medical care expenses at a 5/1/26 interim reexamination. She did not have any interims after that date. The PHA implements phased-in relief for certifications effective 1/1/27.

1. Does Mai qualify for phased-in relief? If so, when would it be applied?

---

2. The PHA processes a non-interim reexam transaction for Ms. Tran on 2/1/27. At that point, they have not processed an annual or interim reexam for her in 2027. Does the PHA start the phase-in when it processes the non-interim reexam transaction?
   a. Yes
   b. No

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Scenario 3: Maxim Ivanov first qualified for health and medical care expenses when he was admitted to the program on 5/1/2027. Six months after he is admitted, Maxim lost his job and also has a significant increase in his health and medical care expenses. He requests a general relief hardship exemption from the PHA.

1. Is Maxim eligible for a general relief hardship exemption
   a. Yes
   b. No
2. If he does, what phase-in threshold percentage would be applied to his health and medical care expenses?
   a. 3%
   b. 5%
   c. 7.5%
   d. 10%
3. If he does, how long would the hardship relief last?

Section 4.6 Permissive Deductions

24 CFR 5.611(b)

- A PHA may adopt, through written policies, additional deductions from annual income. However, PHAs will not be eligible for additional HUD funding based on application of these deductions.
  - The PHA must include such deductions in its policies.

PH Occ GB, Income Determination, p. 32

- Permissive deductions may be used to incentivize or encourage self-sufficiency and economic mobility.
- A permissive deduction might include, for example, an amount of any family earned income, established at the discretion of the PHA, which may be based on the amount earned by particular members of the family; the amount earned by families having certain characteristics; or the amount earned by families or members during certain periods or from certain sources.

Learning Activity 4-4: Calculating Adjusted Income

Scenario:

- The Eva family is a new admission to the program.
- The 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 verified the following information:
  - SSI for Kristy: $8,250 annually
  - SSI for one of the children $7,500 annually
  - Employment income for Anthony: $18,750 annually
  - Income from assets $0 annually
  - Total out-of-pocket health and medical care expenses:$3,000
  - Out-of-pocket childcare expenses (enables Anthony to work) $2,600 annually
- They have not requested a general relief hardship exemption.

Task: Calculate the family's adjusted income on Section 8 of the Form HUD-50058.

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8. Deductions and Allowances

8a. Total annual income: copy from 7i			$	8a.
Permissive Deductions				
8b. Family Member Name	No.	8c. Type of permissive deduction	8d. Amount	
			$	
			$	
			$	
			$	
			$	
			$	
8e. Total permissive deductions (sum of column 8d)			$	8e.
If head/spouse/co-head is under 62 and no family member is disabled, skip to 8l				
8f. Medical/disability threshold: 8a X 0.10			$	8f.
8g. Total annual unreimbursed disability assistance expense (if no disability expenses, skip to 8k)			$	8g.
8h. Maximum disability allowance: If 8g minus 8f is positive or zero, put amount			$	8h.
	If negative and head/spouse/co-head is under 62 and not disabled, put 0		$	8h.
	If negative and head/spouse/co-head is elderly or disabled, copy from 8g		$	8h.
8i. Earnings in 7d made possible by disability assistance expense			$	8i.
8j. Allowable disability assistance expense: lower of 8h or 8i (if 8g is less than 8f and head/spouse/co-head elderly or disabled, copy from 8h)			$	8j.
8k. Total annual unreimbursed health/medical expenses (if head/spouse/co-head under 62 and not disabled, put 0)			$	8k.
8l. Family is eligible for medical or child care expense hardship or both?				8l.
8m. Total annual disability assistance and medical expense: 8j + 8k (if no disability expenses, copy from 8k)			$	8m.
8n. Medical/disability assistance deduction:	If no disability assistance expenses or if 8g is less than 8f, put 8m minus 8f (if 8m minus 8f is negative, put zero)		$	8n.
	If disability assistance expenses and 8g is greater than or equal to 8f, copy from 8m		$	8n.
8p. Elderly/disability allowance			$	8p.
8q. Number of dependents (people under 18, or with disability, or full-time student. Do not count head of household, spouse, co-head, foster child/adult, or live-in aide.)				8q.
8r. Allowance per dependent			$	8r.
8s. Dependent allowance: 8q X 8r			$	8s.
8t. Total annual unreimbursed child care costs			$	8t.
8x. Total allowances: 8e + 8n + 8p + 8s + 8t			$	8x.
8y. Adjusted annual income: 8a minus 8x (if 8x is larger, put 0)			$	8y.

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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 HUD's 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 consent form requirements.
  - Understand when Safe Harbor verification of income may be used.

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Section 5.1 Consent Form Requirements

AUTHORIZATION FOR RELEASE OF INFORMATION/PRIVACY ACT NOTICE

CFR 5.230
HUD-50058 IB, p. 2

- Form HUD-9886-A, *Authorization for Release of Information/Privacy Act Notice*, is a consent form that all adult family members (including the head and spouse, regardless of age) must sign.

24 CFR 5.230(b)(2)

- HOTMA removed the requirement for participants to sign and submit the Form HUD-9886-A at every annual reexamination.
- On or after January 1, 2024, current program participants must sign the Form HUD-9886-A at the next interim or regularly scheduled reexamination. After all applicants or participants over the age of 18 in a family have signed a consent form once on or after January 1, 2024, family members do not need to sign and submit subsequent consent forms at the next annual or interim reexamination except:
  - When any person 18 or older becomes a member of the family
  - When a family member turns 18 years of age
  - As required by HUD or in the PHA administrative instructions
- The PHA has the discretion to establish policies around when family members must sign consent forms when they turn 18. PHAs must establish these policies stating when family members will be required to sign consent forms at intervals other than at reexamination.
- The executed form remains effective until:
  - The family is denied assistance, or
  - Assistance is terminated, or
  - The family provides written notification to the PHA to revoke consent

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EIV User's Manual

- PHA staff may not view information available through HUD's EIV system unless there is a signed Form HUD-9886-A in the household's file.
- Form HUD-9886-A authorizes both HUD and PHAs to obtain:
  - Information about wages and unemployment compensation from state wage information collection agencies (SWICAs)
  - Information about salary and wages from current and former employers
  - Information about unearned income from financial institutions

HUD-9886

- In addition, Form HUD-9886-A authorizes HUD alone to obtain:
  - Information about wages, self-employment income, and payments of retirement income from the Social Security Administration (SSA)
  - Information about unearned income from the Internal Revenue Service (IRS)
- Form HUD-9886-A may be used only for the purposes specified on the form.
- PHAs must generate other types of consent forms to verify items not covered under the Form HUD-9886-A.

24 CFR 5.323(c)

- While the family is obligated to release information to the PHA, this does not apply if the applicant or participant, or any member of the assistance applicant's or participant's family revokes their consent with respect to the ability of the PHA to access financial records from financial institutions, unless the PHA establishes a policy that revocation of consent to access financial records will result in denial or termination of assistance or admission.

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Section 5.2 Use of Other Programs' Determination of Income

24 CFR 5.609(c)(3)
Notice PIH 2023-27

- PHAs may, but are not required to, determine a family's annual income, including income from assets, prior to the application of any deductions, based on income determinations made within the previous 12- month period, using income determinations from means-tested federal public assistance programs. This is known as a "Safe Harbor" income determination.
- PHAs are not required to accept or use determinations of income from other federal means-tested forms of assistance.
- If the PHA adopts a policy to accept this type of verification, the PHA must establish in policy:
  - When they will accept Safe Harbor income determinations
  - From which programs the PHA will accept Safe Harbor determinations
  - The course of action when families present multiple verifications from the same or different acceptable Safe Harbor programs
- Means-tested federal public assistance programs include:
  - Temporary Assistance for Needy Families (TANF) (42 U.S.C. 601, et seq.);
  - Medicaid (42 U.S.C. 1396 et seq.);
  - Supplemental Nutrition Assistance Program (SNAP) (42 U.S.C. 2011 et seq.);
  - Earned Income Tax Credit (EITC) (26 U.S.C. 32);
  - Low-Income Housing Credit (LIHTC) program (26 U.S.C. 42);
  - Special Supplemental Nutrition Program for Woman, Infants, and Children (WIC) (42 U.S.C. 1786);
  - Supplemental Security Income (SSI) (42 U.S.C. 1381 et seq.);
  - Other programs administered by the HUD Secretary;

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  - Other means-tested forms of federal public assistance for which HUD has established a memorandum of understanding; and
  - Other federal benefit determinations made in other forms of means-tested federal public assistance that the Secretary determines to have comparable reliability and announces through the Federal Register.

- If the PHA elects to use the annual income determination from one of the above-listed forms of means-tested federal public assistance, then they must obtain the income information by means of a third-party verification.
  - The third-party verification must state the family size, must be for the entire family, and must state the amount of the family's annual income.
  - The annual income need not be broken down by family member or income type.
  - Annual income includes income earned from assets, therefore when using Safe Harbor to verify a family's income, PHAs will neither further inquire about a family's net family assets, nor about the income earned from those assets, except with respect to whether or not the family owns assets that exceed the asset limitation in 24 CFR 5.618.

- The Safe Harbor documentation will be considered acceptable if any of the following dates fall into the 12-month period prior to the receipt of the documentation by the PHA:
  - Income determination effective date;
  - Program administrator's signature date;
  - Family's signature date;
  - Report effective date; or
  - Other report-specific dates that verify the income determination date.

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- The only information that PHAs are permitted to use to determine income under this method is the total income determination made by the federal means-tested program administrator. Other federal programs may provide additional information about income inclusions and exclusions in their award letters; however, these determinations and any other information must not be considered by the PHA. PHAs are not permitted to mix and match Safe Harbor income determinations and other income verifications.
- If the PHA is unable to obtain Safe Harbor documentation or if the family disputes the other program's income determination, the PHA must calculate the family's annual income using traditional methods as outlined in Notice PIH 2023-27.
- If the PHA uses a Safe Harbor determination to determine the family's income, the family is obligated to report changes in income that meet the PHA's reporting requirement and occur after the effective date of the transaction.
  - For example, the PHA completed an annual for the Heeler family effective 3/1/26 using Safe Harbor. The Heelers start receiving a new source of income 2/15/26. The family does not need to report the change to the PHA. If the family has a change in adjusted income after 3/1/26, then the family must report the change in accordance with PHA policy.
- Safe harbor income determinations only apply to the family's annual income, including income from assets. They do not apply when calculating any deductions to calculate adjusted income.

- The amounts of unreimbursed reasonable attendant care expenses and childcare expenses deducted from a family's annual income, except for when a family is approved for a childcare expense hardship exemption, must still be capped by the amount earned by any family member who is enabled to work as a result of the expense. PHAs are therefore required to obtain third-party verification of the applicable employment income and cap the respective expense deductions accordingly.
- The PHA is not required to use the EIV Income, IVT, or New Hires reports at annual reexam if a Safe Harbor income determination is used.

EXAMPLE: THE SMITH FAMILY

A PHA implements the Safe Harbor provision for annuals only. PHA policy says they will accept determinations from SNAP. At the Smith family's annual, the family provides the PHA with an original printout from the agency that administers SNAP.

- The printout from SNAP:
  - Shows the correct family size of four
  - Shows the current household composition
  - Shows the family's annual income is $1,625 per month
  - Is dated 30 days prior to the PHA's request
  - Shows the income was determined six months ago
- The PHA lists $19,500 as the family's annual income
  - $1,625 earned income + $0 unearned income x 12 months
- The PHA does not need to take any additional steps to verify or calculate annual income, including comparing the income to EIV data or verifying the amount of the family's assets. The PHA must verify any applicable deductions to calculate the family's adjusted income.

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Section 5.3 Streamlining Verification of Fixed Income

24 CFR 982.516(b)
Notice PIH 2023-27

- PHAs may adopt policies for streamlining the annual reexamination verification process for fixed sources of income.
- While third-party documentation must be obtained during the intake process and at least once every three years thereafter, in the intervening years, the PHA may determine income from fixed sources by applying a verified cost of living adjustment (COLA) or other inflationary adjustment factor.
- Streamlining policies are optional. PHAs may choose to obtain third-party verification for every annual reexamination.
- The PHA may choose to verify income from fixed sources at admission and once every three years thereafter.
- Fixed income sources include periodic payments such as Social Security, SSI, government and private pensions, annuities and other retirement programs, and other income sources subject to a verifiable COLA or rate of interest. The determination of fixed income may be streamlined even if the family also receives income from other non-fixed sources.
- Two streamlining options are available, depending upon the percentage of the family's income that is received from fixed sources.

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- When 90 percent or more of a family's unadjusted income is from fixed sources, the PHA may apply the inflationary adjustment factor to the family's fixed-income sources, provided that the family certifies both that 90 percent or more of their unadjusted income is fixed and that their sources of fixed income have not changed from the previous year. Sources of non-fixed income are not required to be adjusted and must not be adjusted by a COLA, but PHAs may choose to adjust sources of non-fixed income based on third-party verification. PHAs have the discretion to either adjust the non-fixed income or carry over the calculation of non-fixed income from the first year to years two and three.
    - Example: Manual receives $1,000 a month from a pension and a $50 regular contribution from his mother who does not live with him. The PHA must third-party verify all income at admission. In years two and three, the PHA may apply a COLA (if any) to his pension income and is not required to verify the regular contribution from his mother.
- When less than 90 percent of a family's unadjusted income is fixed, PHAs must apply a COLA to each of the family's sources of fixed income. All non-fixed income must be verified annually.
    - Example: Marla receives $500 from SSI and a $500 regular contribution from her father each month. The PHA must third-party verify all income at admission. In years two and three, the PHA may apply any adjustment to the pension and must verify the regular contribution from her father.

- The PHA must use the COLA that applies to each specific source of fixed income.

- The COLA or interest rate must be verified through a public source or tenant-provided third-party documentation. If no public verification or tenant-provided documentation of the COLA is available, then the PHA must obtain third-party verification of the income amounts in order to calculate the change in income for the source.

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Section 5.4 Hierarchy of Verification Methods

Notice PIH 2023-27

- When the PHA does not use a streamlined determination of income or an income determination from a means-tested federal assistance program, HUD requires the PHA to obtain third-party verification of:
  - Reported family annual income;
  - The value of net family assets when the net value exceeds $54,898;
  - Expenses related to deductions from annual income; and
  - Other factors that affect the determination of adjusted income.
- HUD mandates the use of the EIV system and offers administrative guidance on the use of other methods to verify family information, in addition to specifying the circumstances in which each method will be used. In general HUD requires the PHA to use the most reliable form of verification that is available and to document the reasons when the PHA uses a lesser form of verification.
- HUD developed a hierarchy that described verification documentation from most acceptable to least acceptable. The PHA must demonstrate efforts to obtain third-party verification prior to accepting self-certification except instances when self-certification is explicitly allowed.
- HUD has established a hierarchy of six verification levels:
  - Highest: Level 6: Up-front Income Verification (UIV) using HUD's Enterprise Income Verification (EIV) system
  - Highest: Level 5: Up-front Income Verification (UIV) using a non-EIV system

- High: Level 4:
  - Written third-party verification from the source, also known as "family-provided verification," or
  - EIV plus self-certification
- Medium: Level 3: Written third-party verification form
- Medium: Level 2: Oral third-party verification
- Low: Level 1: Self-certification (non-third-party verification)

LEVEL 5 AND 6 VERIFICATIONS: 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 an annual reexamination. However, PHAs are not required to use the EIV Income Report:
  - At annual reexamination if the PHA used safe harbor verification from another means-test federal assistance program to determine the family's income; or
  - During any interim reexaminations.
- 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 annual reexamination.
- The EIV Income Report may be used to verify and calculate income at annual reexamination if the family self-certifies that the amount is accurate and representative of current income. The family must be provided with the information in EIV.
- 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)

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LEVEL 4 VERIFICATION

- HUD identifies two types of Level 4 verification: written third-party verification from the source and EIV + self-certification.

WRITTEN THIRD-PARTY VERIFICATION FROM THE SOURCE

- An original or authentic document generated by a third-party source, generally dated within 120 days of the date received by the PHA.
  - Includes documents provided by the family.
  - For fixed-income sources, a statement dated within the appropriate benefit year is acceptable documentation.
  - The PHA may use the verification obtained during an interim reexamination for an annual reexamination if there have been no other changes to annual income since the interim reexamination.
- 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.
- The PHA is required to obtain, at minimum, two current and consecutive pay stubs for determining annual income from wages.

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- For new sources of income where pay stubs are not available, the PHA should use a traditional third-party verification form or the best available information.
- When the family disputes EIV-reported employment income, the PHA uses written third-party verification.
- 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.

EIV + Self Certification

- EIV may be used as written third-party verification and may be used to calculate income if the family agrees with the information in EIV and self-certifies that the amount is accurate and representative of current income. This practice is known as EIV + self-certification.
- When calculating income using this method, the PHA may use its discretion to determine which method of calculation is reasonable: the last four quarters combined or an average of any number of quarters.
- The family must be provided with the information from EIV.
- Written, third-party verification must be used when the family disputes the EIV-reported information

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LEVEL 3: 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.
- Tenant-provided documents generated by a third-party rank higher than third-party forms.
- PHAs may mail, fax, or email third-party written verification form requests to third-party sources.
- The PHA may use this method when higher forms are unavailable or are rejected by the PHA or when the family is unable to provide acceptable verification.
- The PHA may skip this level of verification and may instead substitute oral third-party verification before moving to self-certification.

LEVEL 2: THIRD-PARTY ORAL VERIFICATION

- For third-party oral verification, PHAs contact sources, identified by UIV techniques or by the family, by telephone or in person.
- PHAs must document in the file the date and time of the telephone call or visit, the name of the person contacted, and the telephone number, as well as the information confirmed.
- The PHA may skip this level of verification if they attempted written third-party verification via a form and the source did not respond and move directly to self-certification.

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LEVEL 1: SELF-CERTIFICATION

- Non-third-party verification consists of a signed statement of reported income and/or expenses. This verification method should be used as a last resort when the PHA has not been successful in obtaining information via all other required verification techniques.
- When the PHA was required to obtain third-party verification but instead relies on self-certification, the family's file must be documented to explain why third-party verification was not available.
- HUD does not require that a self-certification be notarized; however, HUD recommends including language on any self-certification to ensure the certifier understands the consequences of knowingly providing false information. See Notice PIH 2023-27 for sample language.
- Self-certification is an acceptable form of verification when:
  - A source of income is fully excluded
  - Net family assets are equal to or less than the HUD-determined threshold and the PHA has adopted a policy to accept self-certification
  - The family declares that they do not have any present ownership in any real property
  - A family states that they have nonrecurring income that will not be repeated in the coming year
  - The PHA has adopted a policy to implement streamlined annual recertifications for fixed sources of income
  - When a family reports zero income

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VERIFYING INCOME EXCLUSIONS

- For fully excluded income, the PHA is not required to:
  - Follow the verification hierarchy
  - Document why third-party verification is not available
  - Report the income on the 50058
- Fully excluded income is defined as income that is entirely excluded from the annual income determination, such as food stamps.
- PHAs may accept a family's signed application or reexamination form as self-certification of fully excluded income. They do not have to require additional documentation. However, if there is any doubt that a source of income qualifies for full exclusion, PHAs have the option of requiring additional verification.
- For partially excluded income, the PHA is required to:
  - Follow the verification hierarchy and all applicable regulations
  - Report the income on the 50058
- *Partially excluded income* is defined as income where only a certain portion of what is reported by the family qualifies to be excluded and the remainder is included in annual income, such as the income of an adult full-time student.

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CHAPTER 6 Calculating Income at Annual Reexamination

LEARNING OUTCOMES

- Upon completion of this chapter, you should be able to:
  - List the steps to calculate income at annual reexamination
  - Understand how to calculate various types of income at annual reexamination
  - Apply the COLA to income from Social Security

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Section 6.1 Calculating Income at Annual Reexamination

When calculating a household's income, at the time of admission to the program or during interim reexaminations, the PHA must use anticipated income (i.e., the family's estimated income for the upcoming 12-month period).

24 CFR 5.609(c)(2)

Unlike for new admissions or at an interim reexamination, the PHA must determine the income of the family for the previous 12-month period and use this amount as the family income for annual reexaminations, except where the PHA uses a streamlined income determination or Safe Harbor income determination dated within the last 12 months from a means-tested federal public assistance program.

In determining income for the previous 12-month period, adjustments must be made for any change in income since the family's last annual reexamination, including those that did not meet the threshold to process an interim reexamination.

- A change in income may be a loss of income or the addition of a new source of income.
- Changing to a different employer in the prior year does not necessarily constitute a change if the income earned from either employer is substantially the same.
- The PHA should look at the entirety of the family's unearned income and earned income from the prior year in which earned income may have been one constant job or many different jobs that start and stop.

Income from assets, however, is always anticipated, irrespective of the income examination type.

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APPLYING THE COLA

The Social Security Administration announces the cost-of-living adjustment (COLA) for Social Security benefits each October.

In some years, there is no COLA for Social Security (SS) benefits

Notice PIH 2023-27

Effective the day after the SSA has announced the COLA, PHAs are required to factor in the COLA when determining SS and Supplemental Security Income (SSI) income for all annual reexaminations and interim reexaminations that have not yet been completed and will be effective January 1 or later of the following year.

- For program participants, the family member confirms that the current listed benefit amount on the EIV Income Report is correct (EIV + self-certification). Since EIV is not available for applicants, the PHA reviews a copy of the applicant's benefit letter dated within the appropriate benefit year (written third-party from the source).

EXAMPLE: APPLYING THE COLA

- The PHA is processing an annual recertification in November for participant Edward Prescott. The recertification is effective February 1 of the following year.
- The COLA was announced in October as 3.6% for the following year.
- EIV shows Edward currently receives $500 a month in SS income.
- Provided Edward self-certifies he agrees with the amount in EIV, how should his SS income be annualized?
  - First calculate the COLA
  - $500 x 3.6% = $18
  - His new benefit amount for the following year is $518 per month
  - Effective for his February 1 recertification the following year: $518 x 12 = $6,216

Section 6.2 Steps to Calculate Income at Annual Reexamination

Notice PIH 2023-27 lists the following steps to calculate both earned and unearned income at annual reexamination.

Step 1: The PHA determines annual income for the previous 12-month period by reviewing the following information:

- The EIV Income Report pulled within 120 days of the effective date of the annual reexamination (note, EIV Income Reports pulled outside of the 120-day window are not considered valid);
- The income reported on the family's most recent HUD-50058; and
- The amount of prior-year income reported by the family on the PHA's annual reexamination paperwork.

Step 2: The PHA takes into consideration any interim reexamination of family income completed since the last annual reexamination.

- If there was an interim reexamination performed within the reexamination cycle and there are no additional changes, the PHA must use the annual income from the interim to determine the family's total annual income. The PHA may use verification obtained from the interim for this step.
- If the PHA did not perform an interim or there have been changes since the last reexamination, the PHA moves to Step 3.

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Step 3: If there were changes in annual income not processed by the PHA since the last reexamination, the PHA must use current income. The family will be required to report their income for the prior year and whether there have been any permanent changes.

- The PHA examines each income source to see if there have been any changes.
  - If there are no reported changes to an income source, the PHA may use documentation of prior-year income to calculate the annual income. For example, the PHA may use:
    - EIV + self-certification (wages, Supplemental Security Income (SSI), Social Security, and unemployment). Note: The PHA is required to obtain a self-certification when using EIV as verification of unemployment, SSI, and Social Security. This was optional under previous HUD guidance.
    - Current written third-party verification from the source verifying prior-year income that is dated within 120 days of receipt by the PHA; for example, year-end statements, paycheck with year-to-date amounts, and tax forms (Form 1040, W2, 1099, etc.)
  - If there are reported changes by the family or the PHA notes discrepancies between EIV and what the family reports, the PHA must follow the verification hierarchy to document and verify income.

EXAMPLE 1: RUBY MYERS

- The PHA is processing a 3/1 annual reexam for Ruby Myers and her minor daughter, Georgia.
- Since her last annual reexam:
  - No interims have been processed.
  - Ruby has not reported any changes to their income.
  - SS announced in Oct that the COLA for next year is 7%.
- At their last annual reexam, the PHA entered the following information on the family's Form HUD-50058:
  - Ruby: Wages: $30,000
  - Georgia: SSI: $10,980 ($915/month)
- On her current annual reexam paperwork, Ruby reported the following information:
  - Ruby: Wages at City Public School: $32,000. She switched jobs from City to County Public Schools but no permanent change in amount.
  - Georgia: SSI benefit: $10,980. No change.
- The PHA pulled the EIV report within 120 days of the effective date of the annual reexam.
- For Ruby, the PHA performs the following calculation:
  - Step 1: Determine prior year income using EIV quarterly wages: $33,651
  - Step 2: Take into consideration any interims: None.
  - Step 3: Ruby self-certifies that $33,651 in wages from EIV is accurate.
  - The PHA lists $33,651 on the family's Form HUD-50058.
  - If Ruby did not agree with the annual wages reported in EIV, the PHA is required to verify her current income in accordance with the verification hierarchy.
- For Georgia, the PHA performs the following calculation:
  - Step 1: Determine the prior year's SS income from EIV: $915 per month
  - Step 2: Take into consideration any interims: None.
  - Step 3: Ruby certifies that the SSI amount in EIV is accurate.
  - The PHA must adjust the prior-year income by the 7% COLA and will use this amount to calculate annual SSI income for the annual.
  - $915 x 0.07 = $64.05. New gross SS benefit: $979.05 x 12 = $11,748.60.
  - The PHA lists $11,749 on the family's Form HUD-50058.

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EXAMPLE 2: PAUL HEWSON

- The PHA is processing a 5/1 annual reexam for Paul Hewson.
- Since his last annual reexam:
  - Paul reported a decrease in income of more than 10% when he transferred from a full-time job at Sasha's Sweets to a part-time job at Viking Bakery.
  - The PHA performed an interim effective 7/1 and reduced his income from $28,000 to $7,500.
  - After the 7/1 interim, Paul worked briefly at two other jobs but now says he is no longer working or planning to work.
- On his annual reexam paperwork, Paul reported the following information:
  - Wages: $0
  - SS disability benefit: $14,400 (1,200 monthly)
- The PHA pulled the EIV report within 120 days of the effective date of the annual reexam.
- Paul certifies he does not agree with wages in EIV. He reports he is currently unemployed. He provides a copy of an award letter from the SSA to document that he will begin receiving a monthly disability benefit of $14,400 ($1,200 x 12) effective 3/1.
- The PHA performs the following calculation:
  - Step 1: Determine prior year income: EIV wages reflected: $18,271.
  - Step 2: Take into consideration any interims: Interim performed 7/1 to reduce wages to $7,500.
  - Step 3: The PHA obtains documentation to verify current income and confirm Paul is no longer employed at Viking Bakery or Sasha's Sweets (the employers reported in the most recent quarter of EIV).
  - Provided verification states he is no longer working, the PHA lists $14,400 from SS disability on Paul's Form HUD-50058.

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EXAMPLE 3: SAMANTHA AND FERGUS

- The PHA is processing an 11/1 annual reexam for HOH and spouse Samantha and Fergus.
- Since their last annual reexam, Samantha reported her child support was reduced from $200 to $100 per month, but no interim was processed. No additional changes were reported.
- At their last annual reexam, the PHA entered the following information on the Form HUD-50058:
  - Samantha: Business income: $28,000; VA disability benefits: $12,000; Child support $2,400
  - Fergus: Wages: $8,250 and other non-wage income: $3,000 (GoFundMe)
- On their annual paperwork this year, Samantha and Fergus reported income received in the last year and noted permanent changes, where applicable, for each source of income. Fergus only reported wages and his current employment at Ian's Fish 'n' Chips. No information was reported concerning other non-wage income.
- On their annual paperwork this year, Samantha and Fergus listed the following information:
  - Samantha: Business income: $28,000 last year decreased to $18,000; VA disability benefits: $12,000 increased to $12,300; Child support: $2,400 decreased to $1,200.
  - Fergus: Wages: $8,250 decreased to $6,000.
- The PHA pulled the EIV report within 120 days of the effective date of the annual reexam.
- For Samantha's Net Business Income, the PHA performs the following calculation:
  - Step 1: Determine prior annual net business income (i.e., $28,000 on last HUD-50058).
  - Step 2: Take into consideration any interim reexamination of family income completed since the last annual reexamination. In this case, there have been no interim reexaminations processed since the last annual reexamination.
  - Step 3: Adjust to reflect current net business income. Samantha reported on the annual reexamination application that business income permanently decreased to $18,000. The PHA must obtain supporting documentation from Samantha that demonstrates current net business income. Samantha provided documentation that supported the current annual net business income is $18,000.
  - Process the annual reexamination using annual net business income of $18,000 determined in Step 3.

- For Samantha's VA pension, the PHA performs the following calculation:
  - Step 1: Determine prior year income: $12,000 reported on the most recent 50058.
  - Step 2: Take into consideration any interims: None.
  - Step 3: The PHA must adjust to reflect current VA pension income. Samantha supplies a VA award letter showing a monthly pension of $1,025. $1,025 x 12 = $12,300 annually. The PHA lists $12,300 on the family's Form HUD-50058.
- For Samantha's child support, the PHA performs the following calculation:
  - Step 1: Determine prior year income: $2,400 on most recent Form HUD-50058.
  - Step 2: Take into consideration any interims: The family reported a decrease, but no interim was processed.
  - Step 3: The family reported changes, so the PHA must adjust to reflect current child support. The family submitted a child support history from the local child support office that documents regular $100 monthly child support payments. $100 x 12 = $1,200 annually. The PHA lists $1,200 on the family's Form HUD-50058.
- For Fergus's wages, the PHA performs the following calculation:
  - Step 1: Determine prior year income: using EIV quarterly wages: $8,600.
  - Step 2: Take into consideration any interim: None.
  - Step 3: There is a discrepancy between what the family reported and EIV, so the PHA must verify and adjust to reflect current income. On his annual paperwork, Fergus reported $6,000 from a single employer, Ian's Fish 'n' Chips. The PHA must verify Fergus is no longer employed at Claire's Healthcare Supplies as listed in EIV. The PHA verifies Fergus is no longer employed at Claire's Healthcare Supplies. For his wages from Ian's Fish 'n' Chips, the PHA projects income from paystubs rather than EIV since only one quarter of wages is listed. Based on paystubs, the PHA projects annual income of $7,800. The PHA lists $7,800 on the family's Form HUD-50058.
- For Fergus's non-wage income, the PHA performs the following calculation:
  - Step 1: Determine prior year income: $3,000 in non-wage income was listed on the most recent Form HUD-50058.
  - Step 2: Take into consideration any interims: None.
  - Step 3: The family did not report any non-wage income on this years annual paperwork. The PHA must verify and adjust to reflect current income. Fergus provides a self-certification he hasn't solicited funds online and doesn't plan to in the coming year; he also provides records from the account showing no fundraising activity in the last 12 months. The PHA includes $0 on the family's Form HUD-50058

Notes

CHAPTER 7 Subsidy and Family Share Calculation

LEARNING OUTCOMES

- Upon completion of this chapter, you should be able to:
  - Calculate rent using annual and adjusted income by applying Sections 9 and 12 of the 50058
  - 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
  - Calculate gross rent
  - Calculate the maximum family share at initial occupancy
  - Calculate the HAP and family share for an HCV family using the payment standard, utility allowance, and gross rent
  - Calculate prorated rent for mixed families

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Section 7.1 Total Tenant Payment and Utility Allowance

TOTAL TENANT PAYMENT

CFR 5.628

- In the HCV program, total tenant payment (TTP) is the highest of the following amounts, rounded to the nearest dollar:
  - In non-as-paid states:
    - 30 percent of family's monthly adjusted income
    - 10 percent of family's monthly income
    - PHA's minimum rent ($0 - $50 depending on PHA policy)
  - In as-paid states:
    - 30 percent of family's monthly adjusted income
    - 10 percent of family's monthly income
    - PHA's minimum rent ($0 - $50 depending on PHA policy), or
    - Welfare rent
      - That part of welfare assistance received from a public agency, specifically designated by that agency to meet the family's actual housing costs.

Learning Activity 7-1: Calculation of TTP

- Using the information below, complete the 50058 on the page following from 9a through 9j.

Total annual income from 8a	$15,780
Adjusted annual income from 8y	$11,392
PHA's minimum rent	$35

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9. Total Tenant Payment (TTP)

9a. Total monthly income: 8a ÷ 12	$	9a.
9c. TTP if based on annual income: 9a X 0.10	$	9c.
9d. Adjusted monthly income: 8y ÷ 12	$	9d.
9e. Percentage of adjusted monthly income	$	9e.
9f. TTP if based on adjusted annual income: (9d X 9e) ÷ 100	$	9f.
9g. Welfare rent per month (if none, put 0)	$	9g.
9h. Minimum rent (if waived, put 0)	$	9h.
9i. Enhanced Voucher minimum rent	$	9i.
9j. TTP, highest of lines 9c, 9f, 9g, 9h, or 9i	$	9j.
9k. Most recent TTP	$	9k.
9m. Qualify for minimum rent hardship exemption? (Y or N)	$	9m.

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Learning Activity 7-2: Assets, Income, Adjusted Income, and TTP

- 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.
- The PHA accepts self-certification of assets, and Troi declares 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 earning $20 per hour.
- Troi has annual unreimbursed childcare expenses of $250 per week total for both children.
- The PHA minimum rent is $50.

Task: Using the information above, complete Sections 6, 7, 8, and 9 of the family's 50058 to calculate the family's TTP.

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6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				$ 6g.	$ 6h.	$ 6i.
6j. Passbook rate (written as decimal)						6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						6k.

7. Income

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

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8. Deductions and Allowances

8a. Total annual income: copy from 7i			$	8a.
Permissive Deductions				
8b. Family Member Name	No.	8c. Type of permissive deduction	8d. Amount	
			$	
			$	
			$	
			$	
			$	
			$	
8e. Total permissive deductions (sum of column 8d)			$	8e.
If head/spouse/co-head is under 62 and no family member is disabled, skip to 8l				
8f. Medical/disability threshold: 8a X 0.10			$	8f.
8g. Total annual unreimbursed disability assistance expense (if no disability expenses, skip to 8k)			$	8g.
8h. Maximum disability allowance: If 8g minus 8f is positive or zero, put amount			$	8h.
	If negative and head/spouse/co-head is under 62 and not disabled, put 0		$	8h.
	If negative and head/spouse/co-head is elderly or disabled, copy from 8g		$	8h.
8i. Earnings in 7d made possible by disability assistance expense			$	8i.
8j. Allowable disability assistance expense: lower of 8h or 8i (if 8g is less than 8f and head/spouse/co-head elderly or disabled, copy from 8h)			$	8j.
8k. Total annual unreimbursed health/medical expenses (if head/spouse/co-head under 62 and not disabled, put 0)			$	8k.
8l. Family is eligible for medical or child care expense hardship or both?				8l.
8m. Total annual disability assistance and medical expense: 8j + 8k (if no disability expenses, copy from 8k)			$	8m.
8n. Medical/disability assistance deduction:	If no disability assistance expenses or if 8g is less than 8f, put 8m minus 8f (if 8m minus 8f is negative, put zero)		$	8n.
	If disability assistance expenses and 8g is greater than or equal to 8f, copy from 8m		$	8n.
8p. Elderly/disability allowance			$	8p.
8q. Number of dependents (people under 18, or with disability, or full-time student. Do not count head of household, spouse, co-head, foster child/adult, or live-in aide.)				8q.
8r. Allowance per dependent			$	8r.
8s. Dependent allowance: 8q X 8r			$	8s.
8t. Total annual unreimbursed child care costs			$	8t.
8x. Total allowances: 8e + 8n + 8p + 8s + 8t			$	8x.
8y. Adjusted annual income: 8a minus 8x (if 8x is larger, put 0)			$	8y.

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9. Total Tenant Payment (TTP)

9a. Total monthly income: 8a ÷ 12	$	9a.
9c. TTP if based on annual income: 9a X 0.10	$	9c.
9d. Adjusted monthly income: 8y ÷ 12	$	9d.
9e. Percentage of adjusted monthly income	$	9e.
9f. TTP if based on adjusted annual income: (9d X 9e) ÷ 100	$	9f.
9g. Welfare rent per month (if none, put 0)	$	9g.
9h. Minimum rent (if waived, put 0)	$	9h.
9i. Enhanced Voucher minimum rent	$	9i.
9j. TTP, highest of lines 9c, 9f, 9g, 9h, or 9i	$	9j.
9k. Most recent TTP	$	9k.
9m. Qualify for minimum rent hardship exemption? (Y or N)	$	9m.

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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.

EXEMPTIONS TO MINIMUM RENT

CFR 5.630

- HUD requires PHAs to adopt hardship exemption policies if the PHA adopts a minimum rent of any amount other than $0.
- 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 PHA's 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
  - The income of the family has decreased due to changed circumstances, including:
    - Loss of employment
    - Death in the family
    - Other circumstances determined by the PHA or by HUD.
- The financial hardship exemption only applies to the payment of minimum rent and not to other elements used to calculate the total tenant payment.

- 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 housing assistance payment will be increased accordingly.
- The PHA must promptly determine whether a qualifying hardship exists, and, if so, whether such hardship is temporary or long term.

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.

2. Temporary qualifying financial hardship

- If the PHA determines a qualifying financial hardship is temporary, a minimum rent may not be imposed for a period of 90 days beginning the month following the date of the family's request for a hardship exemption.
- At the end of the 90-day suspension period, the PHA must reinstate the minimum rent retroactively to the beginning of the suspension.
- The family must be offered a reasonable repayment agreement for any amount of back rent owed by the family.

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.

EXAMPLE: TEMPORARY HARDSHIP

- A PHA has a minimum rent of $50.
- A family whose TTP is the minimum rent requests a minimum rent hardship exemption on 8/15.
- The PHA grants a temporary hardship exemption and waives the minimum rent.
- The minimum rent is waived starting 9/1 and for 10/1 and 11/1 (a period of 90 days).
- During this time, the family's TTP is calculated as follows:
  - 30% of monthly adjusted income: $45
  - 10% of monthly income: $27
- During the term of the hardship, the family's TTP will be $45 since the minimum rent will be waived.
- The family's hardship ends after 90 days on 12/1.
- Assuming no changes in the family's income, once the hardship ends, the family's TTP is the PHA's minimum rent of $50.
- The family is responsible for repaying the PHA the difference between the PHA's minimum rent and the family's TTP for the 3 months in which the minimum rent was waived.
  - $50 - $45 = $5
  - $5 x 3 = $15

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.

Learning Activity 7-3: Minimum Rent Hardship

- The Diamond family has requested a hardship exemption from the minimum rent. You have verified that the family does have a hardship.
- Using the information below, calculate the family's TTP while they are exempt from paying minimum rent.

Total annual income	$900
Adjusted annual income	$55
PHA's minimum rent	$50

9. Total Tenant Payment (TTP)

9a. Total monthly income: 8a ÷ 12	$	9a.
9c. TTP if based on annual income: 9a X 0.10	$	9c.
9d. Adjusted monthly income: 8y ÷ 12	$	9d.
9e. Percentage of adjusted monthly income	$	9e.
9f. TTP if based on adjusted annual income: (9d X 9e) ÷ 100	$	9f.
9g. Welfare rent per month (if none, put 0)	$	9g.
9h. Minimum rent (if waived, put 0)	$	9h.
9i. Enhanced Voucher minimum rent	$	9i.
9j. TTP, highest of lines 9c, 9f, 9g, 9h, or 9i	$	9j.
9k. Most recent TTP	$	9k.
9m. Qualify for minimum rent hardship exemption? (Y or N)	$	9m.

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UTILITY ALLOWANCE

HCV Program GB 6-3

- A utility allowance is calculated for an assisted family if the family is responsible for paying the cost of any utilities (excluding telephone).

CFR 5.603(b)

- By definition, a utility allowance is "an amount equal to the estimate made or approved by a PHA or HUD of the monthly cost of a reasonable consumption of [tenant-paid] utilities...by an energy-conservative household."

CFR 982.517

- Each PHA is responsible for maintaining a utility allowance schedule for all tenant-paid utilities.

CFR 982.517(d)(1)

- A family's utility allowance is the smaller of the unit the family actually leases or the family's voucher size.
- The PHA must provide a copy of the utility allowance schedule to HUD.

24 CFR 982.517(b)(2)(ii)

- In addition to the area-wide utility allowance standard, the PHA may maintain an area-wide, energy efficient utility allowance schedule to be used for units that are in a building that meets Leadership in Energy and Environmental Design (LEED) or Energy Star standards.

24 CFR 982.517(b)(2)(iii)

- The PHA may base its utility allowance payments on actual flat fees charged by an owner for utilities that are billed directly by the owner, but only if the flat fee charged by the owner is no greater than the PHA's applicable utility allowance for the utilities covered by the fee.
- If the owner charges a flat fee for some but not all utilities, the PHA must pay a separate allowance for any tenant-paid utilities not covered in the flat fee.

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24 CFR 982.517(b)(2)(iv)

- If a tenant-based voucher holder resides in a project with project-based voucher (PBV) units and the PBV units use a site-specific utility allowance in accordance with PBV regulations, the PHA must use the project-specific utility allowance schedule.

TAX CREDIT UNITS

Notice PIH 2002-22

- If the family selects a unit in a development that receives a low-income housing tax credit, rent is calculated according to regular housing choice voucher rules.

Section 7.2 Payment Standards

DEFINITIONS

CFR 982.4

- *Housing assistance payment.* The monthly assistance payment by a PHA, which includes: (1) a payment to the owner for rent to the owner under the family's lease; and (2) An additional payment to the family if the total assistance payment exceeds the rent to owner.
- *Payment standard.* The maximum monthly assistance payment for a family assisted in the voucher program (before deducting the total tenant payment by the family).
- *Family unit size.* The appropriate number of bedrooms for a family, as determined by the PHA under the PHA subsidy standards.
- *Subsidy standards.* Standards established by a PHA to determine the appropriate number of bedrooms and amount of subsidy for families of different sizes and compositions.

CFR 982.4

- *Fair market rent (FMR).* The rent, including the cost of utilities (except telephone), as established by HUD for units of varying sizes (by number of bedrooms), that must be paid in the housing market area to rent privately owned, existing, decent, safe, and sanitary rental housing of modest (non-luxury) nature with suitable amenities. In the HCV program, the FMR may be established at the:
  - Zip code level (see definition of small area fair market rents);
  - Metropolitan area level; or
  - Nonmetropolitan county level

24 CFR 888.113(d)(2)

- *Small area FMRs (SAFMRs).* U.S. Postal or ZIP code areas within certain designated metropolitan areas that meet criteria outlined at 24 CFR 888.113(c). If a metropolitan area meets the criteria for application of SAFMRs, then all PHAs administering HCV programs in that area must use the SAFMR.

PAYMENT STANDARD SCHEDULE

24 CFR 982.505(a)

- The payment standard sets the maximum subsidy payment a family can receive from the PHA each month.
- Payment standards are based on fair market rents (FMRs) published annually by HUD.
- FMRs are set at a percentile within the rent distribution of standard quality rental housing units in each FMR area. For most jurisdictions, FMRs are set at the 40th percentile of rents in the market area.
- In the HCV program, the FMR may be established at the zip code level, metropolitan market area level, or nonmetropolitan county level. Within each FMR area, the applicable FMR is the HUD-published:
  - Small area FMR (SAFMR);
    - For any metropolitan area designated as an SAFMR area; or
    - Anywhere a PHA has notified HUD will voluntarily use SAFMRs;
  - Metropolitan FMR for any other metropolitan area; or
  - FMR for any other nonmetropolitan county.
- The PHA must establish a payment standard schedule that establishes payment standard amounts for each FMR area within the PHA's jurisdiction and for each unit size within each of the FMR areas.

SMALL AREA FMRS

24 CFR 888.113

- On November 16, 2016, HUD published the final rule "Establishing a More Effective Fair Market Rent System; Using Small Area Fair Market Rents in the Housing Choice Voucher program Instead of the Current 50th Percentile FMRs."
- The final rule specified that HUD will set small area fair market rents (SAFMRs) for all unit sizes in each metropolitan FMR area that meets the specific criteria outlined in the rule. If a metropolitan area meets these criteria, all PHAs administering HCV programs in that area would be required to use SAFMRs.
  - The regulations state that PHAs administering an HCV program in an area not subject to SAFMRs may opt to use them by seeking approval from HUD's Office of Public and Indian Housing (PIH) through a written request. PIH will expedite the approval process for this request for PHAs impacted by the decision to suspend the SAFMR designation for their metro areas.
- Additional guidance regarding implementation of the final rule was subsequently set forth in Notice PIH 2018-01 and Notice PIH 2023-32.
- In general, HUD will designate SAFMR areas at the beginning of the federal fiscal year and will make new designations every five years thereafter as data becomes available.
- Designations are considered permanent once made, although HUD may suspend a SAFMR designation or temporarily exempt a PHA in a SAFMR area by notice if HUD makes a documented determination that such an action is warranted.

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- PHAs may also request suspension or exemption from the use of the SAFMR designation for the metro area due to an adverse housing condition.
  - The PHA would need to administer more than 50 percent of the vouchers leased in that metro area to make the request.
  - Notice PIH 2018-01 defines what constitutes an adverse housing condition.
- PHAs that administer vouchers in a metropolitan area where the adoption of SAFMRs is not required or in a nonmetropolitan area for which HUD publishes small area FMRs may choose to use small area FMRs after notification to HUD.

Establishing Payment Standard Amounts

CFR 982.503(b)

- The PHA may establish the payment standard amount for a unit at any level between 90 percent and 110 percent of the published FMR or SAFMR for that unit size.
- PHAs do not need HUD approval to establish payment standards in the "basic range."
- The PHA must revise the payment standard amount no later than three months following the effective date of the published FMR or SAFMR if a change is necessary to stay within the basic range.
- The basic range payment standard amount for each unit size may be based on the same percentage of the published FMR (for example, all units at 100 percent of FMR), or the PHA may set different payment standards for different unit sizes (for example, 1-bedrooms at 90 percent and 2-bedrooms at 100 percent of the FMR).

DESIGNATED PAYMENT STANDARD AREAS

24 CFR 982.503(a)(3)]

- The PHA may establish designated payment standard areas within each FMR area where the PHA establishes different payment standards, provided each area is no smaller than a census tract block group.

EXCEPTION PAYMENT STANDARDS

- An exception payment standard is a payment standard that exceeds 110 percent of the published FMR.
- The PHA may establish exception payment standards for all units or for units of a particular size.
- Exception payment standard may be for the entire FMR area or for a designated part of the FMR area (called an "exception area") provided each area is no smaller than a census tract block group.
- The PHA has two options when establishing exception payment standards.
  - First, a PHA that is not located in an SAFMR area or that has not opted to voluntarily adopt SAFMRs may establish an exception payment standard for a zip code area that exceeds the basic range for the metropolitan area or county FMR of up to and including 110 percent of the SAFMR for that zip code area. If an exception area crosses one or more FMR boundaries, then the maximum exception payment standard amount that a PHA may adopt for the area without HUD approval is 110 percent of the zip code area with the lowest SAFMR amount. A PHA that adopts an exception payment standard pursuant to this authority must apply it to the entire ZIP code area.

- Second, by notice to HUD, a PHA may establish exception payment standards between 110 percent and 120 percent of the applicable FMR if the PHA meets one of the following criteria:
  - Fewer than 75 percent of families to which the PHA has issued tenant-based vouchers during the most recent 12-month period for which there is a success rate data available have become participants on the program; or
  - More than 40 percent of families with tenant-based assistance pay more than 30 percent of their adjusted income as their family share.

- Otherwise, the PHA must request HUD approval to establish a payment standard that exceeds 110 percent of the applicable FMR.
- If the PHA qualifies for an exception payment standard above 110 percent of the applicable FMR, it may establish exception payment standards up to the same percentage of the SAFMR for the applicable zip code.
- In addition, HUD allows PHAs to establish a HUD-Veterans Affairs Supportive Housing (HUD-VASH) exception payment standard. PHAs may go up to but no higher than 120 percent of the FMR or SAFMR specifically for VASH families.

USE OF PAYMENT STANDARD

CFR 982.505

- A payment standard is used to calculate the monthly housing assistance payment for the family.
  - The payment standard for the family is the lower of:
    - The payment standard amount for the family unit size; or
    - The payment standard amount for the size of the dwelling unit rented by the family.

Application of the Payment Standard

- When the PHA revises its payment standards during the term of the HAP contract for a family's unit, it will apply the new payment standards in accordance with HUD regulations.
- Regulations governing increases and decreases in the payment standard have changed, with a required compliance date of December 3, 2024.

Decreases

24 CFR 982.505(c)(3)

- If a PHA changes its payment standard schedule, resulting in a lower payment standard amount, during the term of a HAP contract, the PHA is not required to reduce the payment standard used to calculate subsidy for families under HAP contract as long as the HAP contract remains in effect.
- The PHA must administer decreases in the payment standard amount for the family in accordance with the PHA policy as described in the administrative plan.
- **Changes effective 12/2/24 and earlier:** If the PHA does choose to reduce the payment standard for families currently under HAP contract, the initial reduction to the payment standard may not be applied any earlier than the effective date of the family's second regular reexamination following the effective date of the decrease in the payment standard amount.

- **Changes effective 12/3/24 and later:** If the PHA does choose to reduce the payment standard for families currently under HAP contract, the initial reduction to the payment standard may not be applied any earlier than two years following the effective date of the decrease in the payment standard and only with proper written notice to the family in accordance with 24 CFR 982.505(c)(3)(iii). At that point, the PHA may either reduce the payment standard to the current amount in effect on the PHA's payment standard schedule or may reduce the payment standard to another amount that is higher than the normally applicable amount on the schedule. The PHA may also establish different policies for designated areas within their jurisdiction (e.g., different zip code areas). In any case, the PHA must provide the family with at least 12 months' notice that the payment standard is being reduced before the effective date of the change.
  - In the written notice, the PHA must state the new payment standard amount, explain that the family's new payment standard amount will be the greater of the amount listed in the current written notice or the new amount (if any) on the PHA's payment standard schedule at the end of the 12-month period, and make clear where the family will find the PHA's payment standard schedule.
- The PHA's policy on decreases in the payment standard during the term of the HAP contract apply to all families under HAP contract at the time of the effective date of the decrease in the payment standard within the designated area

INCREASES

24 CFR 982.505(c)(4)

- **Changes effective 12/2/24 and earlier:** If the payment standard is increased during the term of the HAP contract, the increased payment standard will be used to calculate the monthly housing assistance payment for the family beginning on the effective date of the family's first regular reexamination on or after the effective date of the increase in the payment standard.
- Families requiring or requesting interim reexaminations will not have their HAP payments calculated using the higher payment standard until their next annual reexamination.
- **Changes effective 12/3/24 and later:** If the payment standard is increased during the term of the HAP contract, the increased payment standard will be applied no later than the earliest of:
  - The effective date of an increase in the gross rent that would result in an increase in the family share;
  - The family's first regular or interim reexamination; or
  - One year following the effective date of the increase in the payment standard amount.
- The PHA may adopt a policy to apply a payment standard increase at any time earlier than the date calculated above.

CHANGES IN FAMILY UNIT SIZE (VOUCHER SIZE)

24 CFR 982.505(c)(6)

- **Changes effective 12/2/24 and earlier:** Irrespective of any increase or decrease in the payment standard, if the family unit size increases or decreases during the HAP contract term, the new family unit size must be used to determine the payment standard for the family beginning at the family's first regular reexamination following the change in family unit size.

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- **Changes effective 12/3/24 and later:** Irrespective of any increase or decrease in the payment standard, if the family unit size increases or decreases during the HAP contract term, the new family unit size may be used to determine the payment standard immediately but no later than the family's first regular reexamination following the change in family unit size.

MOVES

- If the family moves to a new unit, or a new HAP contract is executed due to changes in the lease (even if the family remains in place), the current payment standard applicable to the family will be used when the new HAP contract is processed.

REASONABLE ACCOMMODATION

24 CFR 982.503(d)(5)

- If a family requires a higher payment standard as a reasonable accommodation for a family member who is a person with disabilities, the PHA is allowed to establish a higher payment standard for the family of not more than 120 percent of the published FMR without HUD approval or prior notification to HUD.
- A PHA may establish a payment standard greater than 120 percent of the applicable FMR as a reasonable accommodation in accordance with 24 CFR part 8, after requesting and receiving HUD approval.

Notice PIH 2025-12

- When a family requires a unit with specific features or for other disability-related reasons to accommodate a family member with a disability, and the family is unable to find a unit with those features or that otherwise meets the disability-related need within the established payment standard, the family may request an exception to the established payment standard as a reasonable accommodation.

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- Examples of circumstances that may qualify for an exception payment standard include, but are not limited to:
  - Accessibility features such as accessible bathrooms or larger doorways;
  - Access to ground-level units or elevators for wheelchair/mobility devices;
  - Units with features to benefit individuals with hearing or visual impairments;
  - Proximity to medical providers or other services/supports;
  - Accessible parking on the premises;
  - Accessible to essential services or daily life activities;
  - Proximity to public transit or to other accessible transportation; and
  - Location with sidewalks for individuals who use wheelchairs/mobility devices.
- The PHA must evaluate each request on a case-by-case basis.
- If required as a reasonable accommodation, the PHA may make an exception to the payment standard without HUD approval if the exception amount does not exceed 120 percent of the applicable FMR/SAFMR for the unit size (or in the case of VASH, up to 140 percent of the FMR/SAFMR). The PHA may request HUD approval in accordance with Notice PIH 2025-12 for an exception to the payment standard for a particular family if the required amount exceeds 120 percent of the FMR/SAFMR.

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- Unless the disability or the disability-related need is obvious, readily apparent, or already known, the family must document the disability-related need for the exception payment standard. In order to approve an exception, or request an exception from HUD, the PHA must determine that:
  - There is a disability-related need for the particular unit (which may include location);
  - The gross rent for the unit is above the PHA's payment standard;
  - The family share would otherwise exceed 40 percent of adjusted monthly income; and
  - The rent for the unit is reasonable.
- The exception payment standard for the specific dollar amount approved by the PHA or HUD remains effective as long as the family has a disability-related need for the features of the approved unit, and the rent remains reasonable. Requests for a higher exception payment standard for the same unit due to rent increases or changes in the family' income should only be submitted to HUD when the rent is no longer affordable to the family, typically (though not exclusively) when the family share exceeds 40 percent of adjusted monthly income, and if the higher payment standard is above 120 percent of the FMR/SAFMR in effect at the time the PHA determines that the higher payment standard is necessary.
- Guidelines for processing requests for exception payment standards as a reasonable accommodation can be found in Notice PIH 2025-12.

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Section 7.3 Housing Choice Voucher Rent Calculation

CFR Definitions

CFR 982.4

- ***Rent to owner.*** The total monthly rent payable to the owner under the lease for the unit. Rent to owner covers payment for any housing services, maintenance, and utilities that the owner is required to provide and pay for.
- ***Gross rent.*** The sum of the rent to owner plus any utility allowance.
- ***Family share.*** The portion of rent and utilities paid by the family.
- ***Family rent to owner.*** In the voucher program, the portion of rent to owner paid by the family.
- ***Utility reimbursement payment.*** If the HAP exceeds the rent to owner, the family will receive a utility reimbursement.
  - It is the PHA's option whether to pay directly to the family or to the utility provider.

- The PHA may establish a policy for making quarterly utility reimbursements if the quarterly amount is $45 or less ($15 per month).
  - Must establish hardship exemption policies.
  - Must make prorated payment if the family moves or leaves the program.
  - This policy is optional. The PHA may choose to make monthly payments for all utility reimbursements.
  - The PHA must state its policy for utility allowance payments in the administrative plan and apply it consistently to all households.

EXAMPLE	
Family's TTP (Family Share)	$35
Utility Allowance	$45
Family Rent to Owner	$ 0
Utility Reimbursement Payment	$10

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RENT CALCULATION FACTS

- The total subsidy for the family is based on the lower of the payment standard or gross rent minus the family TTP.
- Family rent to owner may not be more than rent to owner minus HAP.
- The family will not pay less than the TTP toward rent and utilities.

HCV Program GB 6-5

- The family share may be the TTP or a higher amount, depending on the unit the family selects.
- For a family leasing a unit with a gross rent at or below the payment standard for the family, the family share will be the same as the TTP.
- If a family leases a unit with a gross rent above the payment standard for the family, the family share is the TTP plus any amount by which the gross rent exceeds the payment standard.
- Although it is important for families to understand this concept while searching for housing, the family share cannot be calculated until a unit is selected.

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Learning Activity 7-4: Gross Rent Above Payment Standard

- Using the information below, complete the 50058 on the page following from 12j to 12w.

PS	$800	Rent to Owner	$765
TTP	$220	UA	$75

12. Housing Choice Vouchers: Tenant Based Vouchers

12a. Number of bedrooms on Voucher			12a.
12b. Is family now moving to this unit? (Y or N)			12b.
12d. Did family move into your PHA jurisdiction under portability? (Y or N) (if no, skip to 12g)			12d.
12e. Cost billed per month (put 0 if absorbed)		$	12e.
12f. PHA code billed			12f.
12g. Housing type	[ ] Group Home (prorate gross rent) [ ] Own manufactured home, lease space [ ] SRO: 1 room occupied by 1 person		
12h. Owner name			12h.
12i Owner TIN/SSN			12i.
12j. Payment standard for the family		$	12j.
12k. Rent to owner		$	12k.
12l Is the family receiving a higher payment standard as a reasonable accommodation? (Y or N)		$	12l.
12m. Utility allowance, if any		$	12m.
12n. Security deposit paid by the PHA on behalf of the family, if any		$	12n.
12o. Mobility-related services			12o(1).
(1) Did the family receive mobility-related services? (Y or N) (2) Date family began receiving mobility-related services			12o(2).
12p. Gross rent of unit: 12k + 12m (or Space Rent)		$	12p.
12q. Lower of 12j or 12p		$	12q.
12r. TTP: copy from 9j		$	12r.
12s. Total HAP: 12q minus 12r		$	12s.

Rent Calculation (if prorated rent, skip to 12ab)

12t. Total family share: 12p minus 12s		$	12t.
12u. HAP to owner: lower of 12k or 12s		$	12u.
12v. Tenant rent to owner: 12k minus 12u		$	12v.
12w. Utility reimbursement to family: 12s minus 12u, but do not exceed 12m		$	12w.

Prorated Rent Calculation

12ab. Normal total HAP: copy from 12s, but do not exceed 12p		$	12ab.
12ac. Total number eligible			12ac.
12ad. Total number in family			12ad.
12ae. Proration percentage: 12ac ÷ 12ad			12ae.
12af. Prorated total HAP: 12ab X 12ae		$	12af.
12ag. Mixed family total family contribution: 12p minus 12af		$	12ag.
12ah. Utility allowance: copy from 12m		$	12ah.
12ai. Mixed family tenant rent to owner: 12ag minus 12ah	If positive or 0, put tenant rent	$	12ai.
	If negative, credit tenant	$	12ai.
12aj. Prorated HAP to owner: 12k minus 12ai. If 12ai is negative, put 12k		$	12aj.

Additional Payments (not HAP)

12ap. Additional financial support for tenant-based voucher family		$	12ap.
12aq. Financial incentive for property owner		$	12aq.

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Learning Activity 7-5: Utility Reimbursement Payment

- Using the information below, complete the 50058 on the page following from 12j to 12w.

PS	$675	Rent to Owner	$525
TTP	$125	UA	$175

12. Housing Choice Vouchers: Tenant Based Vouchers

12a. Number of bedrooms on Voucher			12a.
12b. Is family now moving to this unit? (Y or N)			12b.
12d. Did family move into your PHA jurisdiction under portability? (Y or N) (if no, skip to 12g)			12d.
12e. Cost billed per month (put 0 if absorbed)		$	12e.
12f. PHA code billed			12f.
12g. Housing type	[ ] Group Home (prorate gross rent) [ ] Own manufactured home, lease space [ ] SRO: 1 room occupied by 1 person		
12h. Owner name			12h.
12i Owner TIN/SSN			12i.
12j. Payment standard for the family		$	12j.
12k. Rent to owner		$	12k.
12l Is the family receiving a higher payment standard as a reasonable accommodation? (Y or N)		$	12l.
12m. Utility allowance, if any		$	12m.
12n. Security deposit paid by the PHA on behalf of the family, if any		$	12n.
12o. Mobility-related services			12o(1).
(1) Did the family receive mobility-related services? (Y or N) (2) Date family began receiving mobility-related services			12o(2).
12p. Gross rent of unit: 12k + 12m (or Space Rent)		$	12p.
12q. Lower of 12j or 12p		$	12q.
12r. TTP: copy from 9j		$	12r.
12s. Total HAP: 12q minus 12r		$	12s.

Rent Calculation (if prorated rent, skip to 12ab)

12t. Total family share: 12p minus 12s		$	12t.
12u. HAP to owner: lower of 12k or 12s		$	12u.
12v. Tenant rent to owner: 12k minus 12u		$	12v.
12w. Utility reimbursement to family: 12s minus 12u, but do not exceed 12m		$	12w.

Prorated Rent Calculation

12ab. Normal total HAP: copy from 12s, but do not exceed 12p		$	12ab.
12ac. Total number eligible			12ac.
12ad. Total number in family			12ad.
12ae. Proration percentage: 12ac ÷ 12ad			12ae.
12af. Prorated total HAP: 12ab X 12ae		$	12af.
12ag. Mixed family total family contribution: 12p minus 12af		$	12ag.
12ah. Utility allowance: copy from 12m		$	12ah.
12ai. Mixed family tenant rent to owner: 12ag minus 12ah	If positive or 0, put tenant rent	$	12ai.
	If negative, credit tenant	$	12ai.
12aj. Prorated HAP to owner: 12k minus 12ai. If 12ai is negative, put 12k		$	12aj.

Additional Payments (not HAP)

12ap. Additional financial support for tenant-based voucher family		$	12ap.
12aq. Financial incentive for property owner		$	12aq.

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Maximum Family Share at Initial Occupancy

CFR 982.305(a)(5) and 982.508

- Any new admission or any family who moves may not pay more than 40 percent of adjusted monthly income toward the family share if the gross rent for the unit is greater than the applicable payment standard for the family.
- This limit applies only at the time of initial leasing of a unit, not after.

Learning Activity 7-6: Affordability Check

- Using the information provided below, answer the following questions for this initial leasing of a unit.
  - Rent to owner: 750
  - Utility allowance: 35
  - PHA payment standard: 775
  - Monthly adjusted income: 1,300
  - Family share: 400

1. Is this tenancy subject to the affordability test? ☐ Yes ☐ No

   Why? _____

   _____

2. If so, is the unit affordable? ☐ Yes ☐ No

Notes

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Learning Activity 7-7: Case Study of Prorated Assistance

- **Situation:** The Fulton family is leasing up a one-bedroom townhouse using a one-bedroom voucher issued by the Eastlake Housing Authority (EHA). The PHA did not pay a security deposit on behalf of the family.
- **Family Information:** The Fulton family consists of the following members:

Relation	Name	Age	Disabled	Citizenship Status
Head	Henry Fulton	72	Y	Eligible immigrant
Spouse	Tai Fulton	66	N	Eligible immigrant

- The Fultons self-certify that Henry and Tai have a savings account worth $7,800 that earns $137 in interest per year. They also have a non-interest-bearing checking account worth $900. The current balance of Henry's retirement account is $200,000 and it pays 2% interest per year.
- Henry Fulton receives $870 a month in SSI. Tai receives $800 per month in Social Security, although $135 is taken out for the Medicare premium. Henry receives payments from his retirement account of $300 per month.
- The Fultons are paying off an old hospital bill totaling $1,200 at $90 a month. Other than Tai's Medicare premium and the payments on the hospital bill, they have no other health and medical care expenses.
- **Unit information:**
  - Utility allowance: None
  - Rent to owner: $835
- **PHA information:**
  - EHA policy allows for self-certification of assets when the net cash value of assets is under the HUD-determined threshold.
  - EHA's minimum rent is $50.
  - EHA's one-bedroom payment standard is $840.

Task 1: Based on the information above, complete Section 6, 7, 8, 9, and 12 through line 12v of the Form HUD-50058.

Task 2: Tai Fulton's brother, who is an ineligible non-citizen, is approved to live in their unit. He has no income or assets and does not qualify for any deductions. Using Section 12 of the 50058, calculate prorated rent for the family.

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6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				$ 6g.	$ 6h.	$ 6i.
6j. Passbook rate (written as decimal)						6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						6k.

7. Income

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

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8. Deductions and Allowances

8a. Total annual income: copy from 7i			$	8a.
Permissive Deductions				
8b. Family Member Name	No.	8c. Type of permissive deduction	8d. Amount	
			$	
			$	
			$	
			$	
			$	
			$	
8e. Total permissive deductions (sum of column 8d)			$	8e.
If head/spouse/co-head is under 62 and no family member is disabled, skip to 8l				
8f. Medical/disability threshold: 8a X 0.10			$	8f.
8g. Total annual unreimbursed disability assistance expense (if no disability expenses, skip to 8k)			$	8g.
8h. Maximum disability allowance: If 8g minus 8f is positive or zero, put amount			$	8h.
	If negative and head/spouse/co-head is under 62 and not disabled, put 0		$	8h.
	If negative and head/spouse/co-head is elderly or disabled, copy from 8g		$	8h.
8i. Earnings in 7d made possible by disability assistance expense			$	8i.
8j. Allowable disability assistance expense: lower of 8h or 8i (if 8g is less than 8f and head/spouse/co-head elderly or disabled, copy from 8h)			$	8j.
8k. Total annual unreimbursed health/medical expenses (if head/spouse/co-head under 62 and not disabled, put 0)			$	8k.
8l. Family is eligible for medical or child care expense hardship or both?				8l.
8m. Total annual disability assistance and medical expense: 8j + 8k (if no disability expenses, copy from 8k)			$	8m.
8n. Medical/disability assistance deduction:	If no disability assistance expenses or if 8g is less than 8f, put 8m minus 8f (if 8m minus 8f is negative, put zero)		$	8n.
	If disability assistance expenses and 8g is greater than or equal to 8f, copy from 8m		$	8n.
8p. Elderly/disability allowance			$	8p.
8q. Number of dependents (people under 18, or with disability, or full-time student. Do not count head of household, spouse, co-head, foster child/adult, or live-in aide.)				8q.
8r. Allowance per dependent			$	8r.
8s. Dependent allowance: 8q X 8r			$	8s.
8t. Total annual unreimbursed child care costs			$	8t.
8x. Total allowances: 8e + 8n + 8p + 8s + 8t			$	8x.
8y. Adjusted annual income: 8a minus 8x (if 8x is larger, put 0)			$	8y.

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9. Total Tenant Payment (TTP)

9a. Total monthly income: 8a ÷ 12	$	9a.
9c. TTP if based on annual income: 9a X 0.10	$	9c.
9d. Adjusted monthly income: 8y ÷ 12	$	9d.
9e. Percentage of adjusted monthly income	$	9e.
9f. TTP if based on adjusted annual income: (9d X 9e) ÷ 100	$	9f.
9g. Welfare rent per month (if none, put 0)	$	9g.
9h. Minimum rent (if waived, put 0)	$	9h.
9i. Enhanced Voucher minimum rent	$	9i.
9j. TTP, highest of lines 9c, 9f, 9g, 9h, or 9i	$	9j.
9k. Most recent TTP	$	9k.
9m. Qualify for minimum rent hardship exemption? (Y or N)	$	9m.

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12. Housing Choice Vouchers: Tenant Based Vouchers

12a. Number of bedrooms on Voucher			12a.
12b. Is family now moving to this unit? (Y or N)			12b.
12d. Did family move into your PHA jurisdiction under portability? (Y or N) (if no, skip to 12g)			12d.
12e. Cost billed per month (put 0 if absorbed)		$	12e.
12f. PHA code billed			12f.
12g. Housing type	[ ] Group Home (prorate gross rent) [ ] Own manufactured home, lease space [ ] SRO: 1 room occupied by 1 person		
12h. Owner name			12h.
12i Owner TIN/SSN			12i.
12j. Payment standard for the family		$	12j.
12k. Rent to owner		$	12k.
12l Is the family receiving a higher payment standard as a reasonable accommodation? (Y or N)		$	12l.
12m. Utility allowance, if any		$	12m.
12n. Security deposit paid by the PHA on behalf of the family, if any		$	12n.
12o. Mobility-related services			12o(1).
(1) Did the family receive mobility-related services? (Y or N) (2) Date family began receiving mobility-related services			12o(2).
12p. Gross rent of unit: 12k + 12m (or Space Rent)		$	12p.
12q. Lower of 12j or 12p		$	12q.
12r. TTP: copy from 9j		$	12r.
12s. Total HAP: 12q minus 12r		$	12s.

Rent Calculation (if prorated rent, skip to 12ab)

12t. Total family share: 12p minus 12s		$	12t.
12u. HAP to owner: lower of 12k or 12s		$	12u.
12v. Tenant rent to owner: 12k minus 12u		$	12v.
12w. Utility reimbursement to family: 12s minus 12u, but do not exceed 12m		$	12w.

Prorated Rent Calculation

12ab. Normal total HAP: copy from 12s, but do not exceed 12p		$	12ab.
12ac. Total number eligible			12ac.
12ad. Total number in family			12ad.
12ae. Proration percentage: 12ac ÷ 12ad			12ae.
12af. Prorated total HAP: 12ab X 12ae		$	12af.
12ag. Mixed family total family contribution: 12p minus 12af		$	12ag.
12ah. Utility allowance: copy from 12m		$	12ah.
12ai. Mixed family tenant rent to owner: 12ag minus 12ah	If positive or 0, put tenant rent	$	12ai.
	If negative, credit tenant	$	12ai.
12aj. Prorated HAP to owner: 12k minus 12ai. If 12ai is negative, put 12k		$	12aj.

Additional Payments (not HAP)

12ap. Additional financial support for tenant-based voucher family		$	12ap.
12aq. Financial incentive for property owner		$	12aq.

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CHAPTER 8 Rent Calculation Quiz

Part I - True/False

T/F

1. A family's household composition changes. As a result, the family' voucher changes from a three-bedroom voucher to a two-bedroom voucher. The family resides in a three-bedroom unit. The three-bedroom payment standard is applied at the family's first annual reexamination after the change. . . . . _____

2. Earned income of full-time students age 18 and older (who are not the head, spouse, or cohead) in excess of the dependent deduction is excluded from annual income. . . . . _____

3. Pell Grants are excluded from annual income. . . . . _____

4. The income of a temporarily absent family member is included in annual income. . . . . _____

5. Workers'compensation payments are always excluded from annual income. _____

6. When calculating annual income at an annual reexamination, the PHA must anticipate income for the upcoming 12-month period. . . . . _____

7. Lump-sum payments are always included as assets. . . . . _____

8. Disability assistance expenses may be deducted if they enable a family member to work or attend school. . . . . _____

9. The wages of a 17-year-old who has quit school to work but is still living with her parents are included in annual income. . . . . _____

10. The interest on the savings account of a seven-year-old boy is included when calculating income from net family assets. . . . . _____

11. The unearned income of an adult full-time student who is not head, spouse, or cohead is included in annual income. . . . . _____

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Part I - True/False **T/F**

12. A family consists of a 61-year-old head of household and his 62-year-old spouse. Their annual income is $12,000. They have anticipated verified health and medical care expenses of $2,000. They do not qualify for phased-in relief and have not requested a hardship. Their adjusted income is $10,625. . . . . _____

13. The gross income from self-employment is included in annual income. . . . _____

14. Jeremy Cook has been receiving $350 per month in TANF. He just enrolled in a qualifying state training program, from which he is now receiving $500 a month. TANF benefits ended. He has no other income. The PHA must exclude the entire $500 from his annual income. . . . . _____

15. If a family has had their welfare reduced for fraud or noncompliance with the welfare department's economic self-sufficiency program, the PHA must include imputed welfare income in the family's rent calculation.. . . . . _____

16. The average balance for six months is always used as the cash value of a savings account.. . . . . _____

17. The income of an independent contractor is not included in annual income since the amount of income they earn varies each month. . . . . _____

18. Food stamps are included in annual income.. . . . . _____

19. When income from employment is calculated, the gross income is used. . . _____

20. A deferred periodic payment from the late start of TANF benefits is treated as an asset and therefore excluded from the family's annual income.. . . . . _____

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PART II - Multiple Choice

21. Which of the following is true about retirement accounts?
    a. They are assets and the periodic payments from retirement accounts are considered income
    b. They are not assets and the PHA excludes the full amount of periodic payments from retirement accounts
    c. They are not assets, but periodic payments from retirement accounts are considered income

22. Student loans are always excluded from annual income.
    a. True
    b. False

23. 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
    c. Nothing. Social Security payments are not income.

24. When net family assets are valued at or below $54,898:
    a. The PHA may accept self-certification
    b. Imputed income is calculated for all assets
    c. Income from assets is not included in annual income
    d. The PHA must obtain third-party verification of all assets

25. When net family assets have a total cash value over $54,898:
    a. If actual returns can be calculated, the PHA includes actual returns for each asset
    b. The PHA may accept self-certification
    c. Imputed income is calculated for all assets
    d. Both b and c

26. Necessary personal property is never considered an asset:
    a. True
    b. False

27. 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

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28. 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

29. 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

30. To convert biweekly income to annual income, multiply by:
    a. 52
    b. 24
    c. 26
    d. 12

31. The Smith family's total tenant payment is based on the PHA's minimum rent of $50. They have just requested the minimum rent hardship exemption, and the PHA has determined that the family qualifies. The Smith family has the following income information:
    - 10 percent of their monthly income is $15
    - 30 percent of the adjusted monthly income is $4
    - Welfare rent does not apply.

    The Smith family's TTP will now be:
    a. $0
    b. $4
    c. $15
    d. $50

32. The restriction on assistance based on assets applies to which of the following types of assets?
    a. A family whose net family assets exceeds the HUD-determined asset limitation (as adjusted annually for inflation)
    b. A family that has real property that is suitable for occupancy and where the family has a legal right to reside in the property and the legal authority to sell the property
    c. All irrevocable trusts
    d. Both a and b
    e. All of the above

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33. Irrespective of any increase or decrease in the payment standard, if the family unit size increases or decreases during the HAP contract term, the new family unit size may be used to determine the payment standard immediately but no later than the family's first regular reexamination following the change in family unit size.
    a. True
    b. False

Notes

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PART III - Review this family and answer the questions below

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 one
g. Grandmother, age 70
h. Disabled brother of head, age 39
i. No one

34. Who qualifies this family for the elderly/disabled allowance? [Fill in correct letter (s)]:

_____ _____ _____ _____ _____ _____ _____ _____ _____

35. Who qualifies for the dependent allowance? [Fill in correct letter (s)]

_____ _____ _____ _____ _____ _____ _____ _____ _____

36. Who qualifies for the health and medical care expense allowance? [Fill in correct letter (s)]

_____ _____ _____ _____ _____ _____ _____ _____ _____

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

_____ _____ _____ _____ _____ _____ _____ _____ _____

PART IV - Fill in the Blanks

38. Annual income minus HUD allowances = _____

39. There are _____ HUD allowances; they include:

_____
_____
_____
_____
_____
_____

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Answer Key for Rent Calculation Quiz

1. F
2. T
3. T
4. T
5. T
6. F
7. F
8. F
9. F
10. T
11. T
12. T
13. F
14. F
15. T
16. F
17. F
18. F
19. T
20. F
21. C
22. A
23. A
24. A
25. A
26. A
27. B
28. D
29. B
30. C
31. C
32. D
33. A
34. I
35. C, D, F, H
36. I
37. A, B, C, D, F, G, H
38. Adjusted annual income
39. Six allowances:
    Elderly or disabled household allowance;
    Dependent allowance;
    Childcare allowance;
    Allowable health and medical care expenses;
    Allowable disability assistance expenses;
    Permissive deductions

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CHAPTER 9 Study Guide

I. TERMINOLOGY: Define the following terms

1. Annual income:

2. Earned income:

3. Adjusted annual income:

4. Nonrecurring monthly income:

5. Net family assets:

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6. Disabled family:

7. Elderly family:

8. Health and medical care expenses:

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II. ANNUAL INCOME

9. What method is used to calculate income at an annual reexamination?

10. What method is used to calculate income for a new admission or at an interim reexamination?

11. To convert income to annual amounts, multiply:
    a) Monthly income x _____
    b) Weekly income x _____
    c) Biweekly x _____
    d) Semimonthly x _____

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

13. Who is considered a dependent?

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

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

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16. HUD requires that the PHA use a minimum of _____ current and consecutive paystubs when annualizing income from employment.

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

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

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

20. If a family receives foster childcare payments, is it included in annual income?

21. List at least 2 examples of nonrecurring income.

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

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

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

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

26. Explain how retirement accounts are treated:

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

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28. How is income from a training program treated?

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

☐ Included ☐ Excluded

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

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

31. List 5 examples of income that is not included in annual income.

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

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III. ASSETS

32. When may the PHA accept self-certification of assets?

33. When net family assets have a total value over $54,898 (as adjusted for inflation), how is income from assets calculated?

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

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

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

37. How is income from a trust treated?

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38. When is non-necessary personal property counted as an asset?

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

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

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

42. Under what two circumstances are families ineligible for the program based on asset ownership?

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43. List 5 types of assets that may be included in net family assets.

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

44. List 5 examples of assets that are not included in net family assets.

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

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IV. HUD ALLOWANCES

45. List the allowable deductions from annual income.
    1) _____
    2) _____
    3) _____
    4) _____
    5) _____
    6) _____

46. Who is considered a full-time student?

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

48. What ages of children are eligible for childcare allowance?

49. When is a family eligible for childcare allowance? (Name three situations)
    1) _____
    2) _____
    3) _____

50. What two situations need to occur for a family to request a hardship exemption for childcare?
    1) _____
    2) _____

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51. What two expenses are eligible as a disability assistance allowance?
    1) _____
    2) _____

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

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

54. In what two situations may a family qualify for a hardship exemption for unreimbursed health and medical care expenses or disability assistance expenses?

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V. VERIFICATION

55. When must the Form HUD-9886-A be signed?

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

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

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

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

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

☐ True ☐ False

VI. RENT CALCULATION

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

61. What is the formula for determining tenant rent?

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

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

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64. When is maximum family share applied?

65. If a family with a three-bedroom voucher leases a four-bedroom unit:
    a) What payment standard is used? _____
    b) What utility allowance is used? _____

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CHAPTER 10 Study Guide Answers

I. TERMINOLOGY: Define the following terms

1. Annual income:

All amounts not specifically excluded under the regulations received by each family member 18 or older, unearned income by on behalf of each dependent under 18, and imputed returns of an asset when net family assets exceed the amount established by HUD annually and the actual returns cannot be calculated.

2. 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.

3. Adjusted annual income:

Annual income minus HUD allowances.

4. Nonrecurring income:

Income that will not be repeated in the coming year based on information provided by the family.

5. Net family assets:

The net cash value of all assets owned by the family, after deducting reasonable costs that would be incurred in disposing real property, savings, stocks, bonds, and other forms of capital investment.

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6. Disabled family:

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

7. Elderly family:

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

8. Health and medical care expenses:

Any costs incurred in the diagnosis, cure, mitigation, treatment, or prevention of disease or payments for treatments affecting any structure or function of the body. Health and medical care expenses include medical insurance premiums and long-term care premiums that are paid or anticipated during the period for which annual income is computed.

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II. ANNUAL INCOME

9. What method is used to calculate income at an annual reexamination?

For all annual reexaminations, the PHA must determine the family income for the previous 12 months unless using a streamlined income determination. In determining income for the previous 12 months, the PHA must take into consideration any changes in income since the family's last annual reexam.

10. What method is used to calculate income for a new admission or at an interim reexamination?

At initial occupancy and for an interim reexamination of family income, the PHA is required to estimate the income of the family for the upcoming 12-month period using current income.

11. To convert income to annual amounts, multiply:

a) Monthly income x **12**
b) Weekly income x **52**
c) Biweekly x **26**
d) Semimonthly x **24**

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

Semimonthly

13. 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.

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

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)].

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

Earned income in excess of the dependent deduction is excluded [24 CFR 5.609(b)(14)].

All sources of unearned income, except those specifically excluded by the regulations, are included.

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16. HUD requires that the PHA use a minimum of **two** current and consecutive paystubs when annualizing income from employment.

17. 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.

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

The PHA uses net income from self-employment.

19. 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.

20. If a family receives foster childcare 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 childcare payments.

21. 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.

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22. 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.

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

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

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

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

25. 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.

26. Explain how retirement accounts are treated:

Income 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 are excluded from annual income.

However, any distribution of periodic payments from such accounts is included in annual income at the time they are received by the family.

27. 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 appropriate benefit year, for each household member that receives SS and/or SSI benefits.

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28. 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.

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

[ ] Included [X] Excluded

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

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

31. List 5 examples of income that is not included in annual income.

1) **Employment income of children under 18**
2) **Workers' compensation payments**
3) **Amounts specifically for, or in reimbursement of, medical expenses**
4) **Nonrecurring income**
5) **Student loans**

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III. ASSETS

32. When may the PHA accept self-certification of assets?

When the net cash value of the family's assets is $54,898 or less (as adjusted by inflation), the PHA may accept the family's self-certification that their assets do not exceed $54,898 without taking any additional steps to verify the accuracy of the declaration.

33. When the net cash value of a family's assets exceeds $54,898 (as adjusted for inflation), how is income from assets calculated?

If actual returns can be calculated, the PHA includes actual returns for each asset. If actual returns cannot be calculated, imputed returns are included based on the current passbook savings rate, as determined by HUD.

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

PHAs must establish a policy on how to determine the cash value of savings and checking accounts. The PHA must use at least one bank statement.

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

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

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

Irrevocable or revocable trusts where the grantor is not a member of the household are excluded from net family assets. Revocable trusts where the grantor is a member of the household are included in net family assets.

37. 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.

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38. When is non-necessary personal property counted as an asset?

The value of all non-necessary items of personal property when they have a combined total value that exceeds $54,898 (as adjusted annually by inflation) are included in net family assets.

39. 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.

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

Count the amount that was given away (market value less expenses and less what was received).

41. 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), capital gains, and settlements for personal or property losses are reported as assets when these one-time payments are retained and verified.

42. Under what two circumstances are families ineligible for the program based on asset ownership?

First, assistance may not be provided to any family if the family's net assets exceed the HUD-determined asset limitation (adjusted annually by HUD).

Second, the family has real property that is suitable for occupancy by the family as a residence and the family has:

A present ownership interest in the real property;

A legal right to reside in the real property; and

The effective legal authority to sell (based on State or local laws of the jurisdiction where the property is located) the real property.

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43. List 5 types of assets that may be included in net family assets.

1) **Savings and checking account**
2) **Stock/bonds**
3) **Equity in property**
4) **Certificates of deposit**
5) **Cash value of life insurance**

44. List 5 examples of assets that are not included in net family assets.

1) **Necessary items of personal property**
2) **Interest in Indian trust lands**
3) **Retirement plans recognized by the IRS**
4) **FSS accounts**
5) **The value of baby bond accounts**

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IV. HUD ALLOWANCES

45. List the allowable deductions from annual income.
    1) **Dependent**
    2) **Elderly/disabled**
    3) **Childcare**
    4) **Health and medical care expenses**
    5) **Disability assistance expenses**
    6) **Permissive deductions (if any)**

46. 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.

47. 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.

48. What ages of children are eligible for childcare allowance?

Under 13 years of age.

49. When is a family eligible for childcare allowance? (Name three situations)
    1) **Adult working**
    2) **Adult attending school**
    3) **Adult actively seeking employment**

50. What two situations need to occur for a family to request a hardship exemption for childcare?
    1) **The family is unable to pay their rent because of the loss of the deduction**
    2) **The deduction is still necessary even though the family member is no longer employed or furthering their education**

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

    1) **Care attendants**

    2) **Auxiliary apparatus**

52. 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.

53. 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)

54. In what two situations may a family qualify for a hardship exemption for unreimbursed health and medical care expenses or disability assistance expenses?

The first category is for all families who received a deduction for unreimbursed health and medical care and/or reasonable attendant care or auxiliary apparatus expenses based on their most recent income review prior to the PHA's full HOTMA compliance date. Eligible families begin receiving phased-in relief at their next annual or interim, whichever occurs first.

The second category is for families that can demonstrate:

- Their health and medical and/or disability assistance expenses increased (other than the transition to the higher threshold); or

- The family's financial hardship is a result of a change in circumstances (as defined in PHA policy) that would not otherwise trigger an interim reexamination.

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V. VERIFICATION

55. When must the Form HUD-9886-A be signed?

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

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

At annual and streamlined reexaminations of family income and composition.

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

The PHA must obtain additional third-party verification.

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

1) **UIV using EIV**
2) **UIV using other sources**
3) **Written third-party verification from the source or EIV + self-certification**
4) **Written third-party verification form**
5) **Third-party oral**
6) **Self-certification**

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

[X] True [ ] False

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VI. RENT CALCULATION

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

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

61. What is the formula for determining tenant rent?

Rent to owner minus HAP.

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

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

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

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

- The effective date of an increase in the gross rent that would result in an increase in the family share;

- The family's first regular or interim reexamination; or

- One year following the effective date of the increase in the payment standard amount.

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

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64. When is maximum family share applied?

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

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

a) What payment standard is used? **Three-bedroom**

b) What utility allowance is used? **Three-bedroom**

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CHAPTER 11 Case Studies

Directions

- Using the spaces provided and sections of the form HUD-50058, answer the following rent calculation questions and calculate the elements of annual income, adjusted income, TTP, family share, and the housing assistance payment.

Case Study 1: Alabaster Family

- **Situation:** The PHA is conducting an annual recertification for the Alabaster family.
- **Family information:**

Relation	Name	Age	Disabled
Head	Ava Alabaster	33	N
Youth	Alice Alabaster	12	N
Youth	Allan Alabaster	10	N

- Ava self-certifies that she has a non-interest-bearing checking account worth $1,300. This is her only asset.
- According to EIV, Ava works full-time at a bakery (40 hours per week) earning $16.50 per hour. EIV shows $8,580 in income from the bakery for each of the last four quarters. No other income is shown in EIV for Ava. She self-certifies she agrees with this information.
- Ava's children are in an after school childcare program while she works. She qualifies for a reduced rate. With her subsidy, Ava pays $50 per week per child ($100 total) for childcare. This reduced rate stays the same even during school holidays when the children are in the care program for full days.
- **Unit information:**
  - Unit size: 2-bedroom
  - Voucher size: 2-bedroom
  - Rent to owner: $1,575
  - 2-bedroom payment standard: $1,650
  - 2-bedroom utility allowance: $125
- **PHA policy:**
  - The PHA's minimum rent is $50
  - PHA policy calls for using an average of four quarters of income when using EIV + self-certification
  - PHA policy allows for self-certification of assets when the net cash value is $54,898 or less

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Using the HUD-50058 forms following, please compute the following for the Alabaster family.

Total annual income in (7i):	**$**
Adjusted income in (8y):	$
TTP in (9j):	**$**
HAP in (12u):	**$**
Tenant rent to owner in (12v):	**$**

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6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				$ 6g.	$ 6h.	$ 6i.
6j. Passbook rate (written as decimal)						6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						6k.

7. Income

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

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8. Deductions and Allowances

8a. Total annual income: copy from 7i			$	8a.
Permissive Deductions				
8b. Family Member Name	No.	8c. Type of permissive deduction	8d. Amount	
			$	
			$	
			$	
			$	
			$	
			$	
8e. Total permissive deductions (sum of column 8d)			$	8e.
If head/spouse/co-head is under 62 and no family member is disabled, skip to 8l				
8f. Medical/disability threshold: 8a X 0.10			$	8f.
8g. Total annual unreimbursed disability assistance expense (if no disability expenses, skip to 8k)			$	8g.
8h. Maximum disability allowance: If 8g minus 8f is positive or zero, put amount			$	8h.
	If negative and head/spouse/co-head is under 62 and not disabled, put 0		$	8h.
	If negative and head/spouse/co-head is elderly or disabled, copy from 8g		$	8h.
8i. Earnings in 7d made possible by disability assistance expense			$	8i.
8j. Allowable disability assistance expense: lower of 8h or 8i (if 8g is less than 8f and head/spouse/co-head elderly or disabled, copy from 8h)			$	8j.
8k. Total annual unreimbursed health/medical expenses (if head/spouse/co-head under 62 and not disabled, put 0)			$	8k.
8l. Family is eligible for medical or child care expense hardship or both?				8l.
8m. Total annual disability assistance and medical expense: 8j + 8k (if no disability expenses, copy from 8k)			$	8m.
8n. Medical/disability assistance deduction:	If no disability assistance expenses or if 8g is less than 8f, put 8m minus 8f (if 8m minus 8f is negative, put zero)		$	8n.
	If disability assistance expenses and 8g is greater than or equal to 8f, copy from 8m		$	8n.
8p. Elderly/disability allowance			$	8p.
8q. Number of dependents (people under 18, or with disability, or full-time student. Do not count head of household, spouse, co-head, foster child/adult, or live-in aide.)				8q.
8r. Allowance per dependent			$	8r.
8s. Dependent allowance: 8q X 8r			$	8s.
8t. Total annual unreimbursed child care costs			$	8t.
8x. Total allowances: 8e + 8n + 8p + 8s + 8t			$	8x.
8y. Adjusted annual income: 8a minus 8x (if 8x is larger, put 0)			$	8y.

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9. Total Tenant Payment (TTP)

9a. Total monthly income: 8a ÷ 12	$	9a.
9c. TTP if based on annual income: 9a X 0.10	$	9c.
9d. Adjusted monthly income: 8y ÷ 12	$	9d.
9e. Percentage of adjusted monthly income	$	9e.
9f. TTP if based on adjusted annual income: (9d X 9e) ÷ 100	$	9f.
9g. Welfare rent per month (if none, put 0)	$	9g.
9h. Minimum rent (if waived, put 0)	$	9h.
9i. Enhanced Voucher minimum rent	$	9i.
9j. TTP, highest of lines 9c, 9f, 9g, 9h, or 9i	$	9j.
9k. Most recent TTP	$	9k.
9m. Qualify for minimum rent hardship exemption? (Y or N)	$	9m.

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12. Housing Choice Vouchers: Tenant Based Vouchers

12a. Number of bedrooms on Voucher			12a.
12b. Is family now moving to this unit? (Y or N)			12b.
12d. Did family move into your PHA jurisdiction under portability? (Y or N) (if no, skip to 12g)			12d.
12e. Cost billed per month (put 0 if absorbed)		$	12e.
12f. PHA code billed			12f.
12g. Housing type [ ] Group Home (prorate gross rent) [ ] Own manufactured home, lease space [ ] SRO: 1 room occupied by 1 person			
12h. Owner name			12h.
12i Owner TIN/SSN			12i.
12j. Payment standard for the family		$	12j.
12k. Rent to owner		$	12k.
12l Is the family receiving a higher payment standard as a reasonable accommodation? (Y or N)		$	12l.
12m. Utility allowance, if any		$	12m.
12n. Security deposit paid by the PHA on behalf of the family, if any		$	12n.
12o. Mobility-related services			12o(1).
(1) Did the family receive mobility-related services? (Y or N)			12o(2).
(2) Date family began receiving mobility-related services			
12p. Gross rent of unit: 12k + 12m (or Space Rent)		$	12p.
12q. Lower of 12j or 12p		$	12q.
12r. TTP: copy from 9j		$	12r.
12s. Total HAP: 12q minus 12r		$	12s.

Rent Calculation (if prorated rent, skip to 12ab)

12t. Total family share: 12p minus 12s		$	12t.
12u. HAP to owner: lower of 12k or 12s		$	12u.
12v. Tenant rent to owner: 12k minus 12u		$	12v.
12w. Utility reimbursement to family: 12s minus 12u, but do not exceed 12m		$	12w.

Prorated Rent Calculation

12ab. Normal total HAP: copy from 12s, but do not exceed 12p		$	12ab.
12ac. Total number eligible			12ac.
12ad. Total number in family			12ad.
12ae. Proration percentage: 12ac ÷ 12ad			12ae.
12af. Prorated total HAP: 12ab X 12ae		$	12af.
12ag. Mixed family total family contribution: 12p minus 12af		$	12ag.
12ah. Utility allowance: copy from 12m		$	12ah.
12ai. Mixed family tenant rent to owner: 12ag minus 12ah	If positive or 0, put tenant rent	$	12ai.
	If negative, credit tenant	$	12ai.
12aj. Prorated HAP to owner: 12k minus 12ai. If 12ai is negative, put 12k		$	12aj.

Additional Payments (not HAP)

12ap. Additional financial support for tenant-based voucher family		$	12ap.
12aq. Financial incentive for property owner		$	12aq.

Case Study 2: Butler Family

- **Situation:** The PHA is conducting an annual reexamination for the Butler family.
- **Family information:**

Relation	Name	Age	Disabled
Head	Betty Butler	43	N
Full-time student	Bobbie Butler	18	N
Youth	Bert Butler	14	N
Youth	Bryte Butler	12	N

- The family self-certifies that Betty has a non-interest-bearing checking account worth $10,200. Bobbie has a savings account worth $5,000 that earns $65 in interest. Bert has a non-interest-bearing checking account worth $850.
- Betty was receiving $750 a month in cash TANF benefits until last week when she was sanctioned by the welfare agency for noncompliance with their economic self-sufficiency requirements. The PHA verified that Betty's cash TANF was reduced to $350 per month. This is expected to last for the next 12 months.
- Bobbie is a full-time student at a junior college. She works part-time at a shoe store, earning $500 biweekly. She also receives an annual Pell Grant in the amount of $5,000 and has student loans totaling $4,500.
- Betty pays a neighbor $60 per week out-of-pocket to care for Bryte while Betty attends school year-round.
- **Unit information:**
  - Unit size: 4-bedroom
  - Voucher size: 3-bedroom
  - Rent to owner: $1,750
  - 4-bedroom payment standard: $1,790
  - 3-bedroom payment standard: $1,620
  - 4-bedroom utility allowance: $170
  - 3-bedroom utility allowance: $145
- **PHA policy:**
  - PHA policy allows for self-certification of assets when the net cash value is $54,898 or less
  - The PHA's minimum rent is $25

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Using the HUD-50058 forms following, please compute the following for the Butler family.

Final asset income in (6k):	$
Total annual income in (7i):	$
Adjusted income in (8y):	$
TTP in (9j):	**$**
HAP to owner in (12u):	**$**
Tenant rent to owner in (12v):	**$**

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6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				$ 6g.	$ 6h.	$ 6i.
6j. Passbook rate (written as decimal)						6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						6k.

7. Income

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

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8. Deductions and Allowances

8a. Total annual income: copy from 7i			$	8a.
Permissive Deductions				
8b. Family Member Name	No.	8c. Type of permissive deduction	8d. Amount	
			$	
			$	
			$	
			$	
			$	
			$	
8e. Total permissive deductions (sum of column 8d)			$	8e.
If head/spouse/co-head is under 62 and no family member is disabled, skip to 8l				
8f. Medical/disability threshold: 8a X 0.10			$	8f.
8g. Total annual unreimbursed disability assistance expense (if no disability expenses, skip to 8k)			$	8g.
8h. Maximum disability allowance: If 8g minus 8f is positive or zero, put amount			$	8h.
	If negative and head/spouse/co-head is under 62 and not disabled, put 0		$	8h.
	If negative and head/spouse/co-head is elderly or disabled, copy from 8g		$	8h.
8i. Earnings in 7d made possible by disability assistance expense			$	8i.
8j. Allowable disability assistance expense: lower of 8h or 8i (if 8g is less than 8f and head/spouse/co-head elderly or disabled, copy from 8h)			$	8j.
8k. Total annual unreimbursed health/medical expenses (if head/spouse/co-head under 62 and not disabled, put 0)			$	8k.
8l. Family is eligible for medical or child care expense hardship or both?				8l.
8m. Total annual disability assistance and medical expense: 8j + 8k (if no disability expenses, copy from 8k)			$	8m.
8n. Medical/disability assistance deduction:	If no disability assistance expenses or if 8g is less than 8f, put 8m minus 8f (if 8m minus 8f is negative, put zero)		$	8n.
	If disability assistance expenses and 8g is greater than or equal to 8f, copy from 8m		$	8n.
8p. Elderly/disability allowance			$	8p.
8q. Number of dependents (people under 18, or with disability, or full-time student. Do not count head of household, spouse, co-head, foster child/adult, or live-in aide.)				8q.
8r. Allowance per dependent			$	8r.
8s. Dependent allowance: 8q X 8r			$	8s.
8t. Total annual unreimbursed child care costs			$	8t.
8x. Total allowances: 8e + 8n + 8p + 8s + 8t			$	8x.
8y. Adjusted annual income: 8a minus 8x (if 8x is larger, put 0)			$	8y.

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9. Total Tenant Payment (TTP)

9a. Total monthly income: 8a ÷ 12	$	9a.
9c. TTP if based on annual income: 9a X 0.10	$	9c.
9d. Adjusted monthly income: 8y ÷ 12	$	9d.
9e. Percentage of adjusted monthly income	$	9e.
9f. TTP if based on adjusted annual income: (9d X 9e) ÷ 100	$	9f.
9g. Welfare rent per month (if none, put 0)	$	9g.
9h. Minimum rent (if waived, put 0)	$	9h.
9i. Enhanced Voucher minimum rent	$	9i.
9j. TTP, highest of lines 9c, 9f, 9g, 9h, or 9i	$	9j.
9k. Most recent TTP	$	9k.
9m. Qualify for minimum rent hardship exemption? (Y or N)	$	9m.

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12. Housing Choice Vouchers: Tenant Based Vouchers

12a. Number of bedrooms on Voucher			12a.
12b. Is family now moving to this unit? (Y or N)			12b.
12d. Did family move into your PHA jurisdiction under portability? (Y or N) (if no, skip to 12g)			12d.
12e. Cost billed per month (put 0 if absorbed)		$	12e.
12f. PHA code billed			12f.
12g. Housing type [ ] Group Home (prorate gross rent) [ ] Own manufactured home, lease space [ ] SRO: 1 room occupied by 1 person			
12h. Owner name			12h.
12i Owner TIN/SSN			12i.
12j. Payment standard for the family		$	12j.
12k. Rent to owner		$	12k.
12l Is the family receiving a higher payment standard as a reasonable accommodation? (Y or N)		$	12l.
12m. Utility allowance, if any		$	12m.
12n. Security deposit paid by the PHA on behalf of the family, if any		$	12n.
12o. Mobility-related services			12o(1).
(1) Did the family receive mobility-related services? (Y or N)			12o(2).
(2) Date family began receiving mobility-related services			
12p. Gross rent of unit: 12k + 12m (or Space Rent)		$	12p.
12q. Lower of 12j or 12p		$	12q.
12r. TTP: copy from 9j		$	12r.
12s. Total HAP: 12q minus 12r		$	12s.

Rent Calculation (if prorated rent, skip to 12ab)

12t. Total family share: 12p minus 12s		$	12t.
12u. HAP to owner: lower of 12k or 12s		$	12u.
12v. Tenant rent to owner: 12k minus 12u		$	12v.
12w. Utility reimbursement to family: 12s minus 12u, but do not exceed 12m		$	12w.

Prorated Rent Calculation

12ab. Normal total HAP: copy from 12s, but do not exceed 12p		$	12ab.
12ac. Total number eligible			12ac.
12ad. Total number in family			12ad.
12ae. Proration percentage: 12ac ÷ 12ad			12ae.
12af. Prorated total HAP: 12ab X 12ae		$	12af.
12ag. Mixed family total family contribution: 12p minus 12af		$	12ag.
12ah. Utility allowance: copy from 12m		$	12ah.
12ai. Mixed family tenant rent to owner: 12ag minus 12ah	If positive or 0, put tenant rent	$	12ai.
	If negative, credit tenant	$	12ai.
12aj. Prorated HAP to owner: 12k minus 12ai. If 12ai is negative, put 12k		$	12aj.

Additional Payments (not HAP)

12ap. Additional financial support for tenant-based voucher family		$	12ap.
12aq. Financial incentive for property owner		$	12aq.

Case Study 3: Crimson Family

- **Situation:** The PHA is conducting an interim for the Crimson family based on Ms. Crimson's timely reporting of new child support income. Five months ago, the PHA conducted an annual recertification for the Crimsons. The reporting of newly awarded child support is the only income change the Crimsons have experienced since their annual recertification. The Crimsons have also requested, and the PHA has granted, a general relief hardship exemption for their health and medical care expenses due to Cameron having new expenses.
- **Family information:**

Relation	Name	Age	Disabled
Head	Cherry Crimson	53	Y
Youth	Cameron Crimson	12	Y

- The PHA verifies that Ms. Crimson has a savings account worth $30,180, earning $627 in interest. She also has a checking account worth $6,000, earning $9 in interest. Cameron has a savings account worth $19,002, earning $428 in interest.
- Ms. Crimson works part-time earning $860 semimonthly. Ms. Crimson reported last week that she was awarded, and has started to receive, child support in the amount of $150 per week.
- Cameron receives SSI in the amount of $550 per month.
- The family requested and qualified for a general relief health and medical care expense hardship exemption. They do not qualify for phased-in relief. Ms. Crimson's annual unreimbursed prescription costs were calculated to be $600, and she pays a long-term care premium of $75 per month. Cameron's annual out-of-pocket health and medical care expenses are expected to be $2,800.
- **Unit information:**
  - Unit size: 2-bedroom
  - Voucher size: 2-bedroom
  - Rent to owner: $1,475
  - 2-bedroom payment standard: $1,450
  - 2-bedroom utility allowance: $110
- **PHA policy:**
  - PHA policy allows for self-certification of assets when the net cash value is $54,898 or less
  - The PHA's minimum rent is $50

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Using the HUD-50058 forms following, please compute the following for the Crimson family.

Final asset income in (6k):	$
Total annual income in (7i):	$
Adjusted income in (8y):	$
TTP in (9j):	**$**
HAP in owner in (12u):	**$**
Tenant rent to owner in (12v):	**$**

6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				$ 6g.	$ 6h.	$ 6i.
6j. Passbook rate (written as decimal)						6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						6k.

7. Income

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

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8. Deductions and Allowances

8a. Total annual income: copy from 7i			$	8a.
Permissive Deductions				
8b. Family Member Name	No.	8c. Type of permissive deduction	8d. Amount	
			$	
			$	
			$	
			$	
			$	
			$	
8e. Total permissive deductions (sum of column 8d)			$	8e.
If head/spouse/co-head is under 62 and no family member is disabled, skip to 8l				
8f. Medical/disability threshold: 8a X 0.10			$	8f.
8g. Total annual unreimbursed disability assistance expense (if no disability expenses, skip to 8k)			$	8g.
8h. Maximum disability allowance: If 8g minus 8f is positive or zero, put amount			$	8h.
	If negative and head/spouse/co-head is under 62 and not disabled, put 0		$	8h.
	If negative and head/spouse/co-head is elderly or disabled, copy from 8g		$	8h.
8i. Earnings in 7d made possible by disability assistance expense			$	8i.
8j. Allowable disability assistance expense: lower of 8h or 8i (if 8g is less than 8f and head/spouse/co-head elderly or disabled, copy from 8h)			$	8j.
8k. Total annual unreimbursed health/medical expenses (if head/spouse/co-head under 62 and not disabled, put 0)			$	8k.
8l. Family is eligible for medical or child care expense hardship or both?				8l.
8m. Total annual disability assistance and medical expense: 8j + 8k (if no disability expenses, copy from 8k)			$	8m.
8n. Medical/disability assistance deduction:	If no disability assistance expenses or if 8g is less than 8f, put 8m minus 8f (if 8m minus 8f is negative, put zero)		$	8n.
	If disability assistance expenses and 8g is greater than or equal to 8f, copy from 8m		$	8n.
8p. Elderly/disability allowance			$	8p.
8q. Number of dependents (people under 18, or with disability, or full-time student. Do not count head of household, spouse, co-head, foster child/adult, or live-in aide.)				8q.
8r. Allowance per dependent			$	8r.
8s. Dependent allowance: 8q X 8r			$	8s.
8t. Total annual unreimbursed child care costs			$	8t.
8x. Total allowances: 8e + 8n + 8p + 8s + 8t			$	8x.
8y. Adjusted annual income: 8a minus 8x (if 8x is larger, put 0)			$	8y.

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9. Total Tenant Payment (TTP)

9a. Total monthly income: 8a ÷ 12	$	9a.
9c. TTP if based on annual income: 9a X 0.10	$	9c.
9d. Adjusted monthly income: 8y ÷ 12	$	9d.
9e. Percentage of adjusted monthly income	$	9e.
9f. TTP if based on adjusted annual income: (9d X 9e) ÷ 100	$	9f.
9g. Welfare rent per month (if none, put 0)	$	9g.
9h. Minimum rent (if waived, put 0)	$	9h.
9i. Enhanced Voucher minimum rent	$	9i.
9j. TTP, highest of lines 9c, 9f, 9g, 9h, or 9i	$	9j.
9k. Most recent TTP	$	9k.
9m. Qualify for minimum rent hardship exemption? (Y or N)	$	9m.

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12. Housing Choice Vouchers: Tenant Based Vouchers

12a. Number of bedrooms on Voucher			12a.
12b. Is family now moving to this unit? (Y or N)			12b.
12d. Did family move into your PHA jurisdiction under portability? (Y or N) (if no, skip to 12g)			12d.
12e. Cost billed per month (put 0 if absorbed)		$	12e.
12f. PHA code billed			12f.
12g. Housing type [ ] Group Home (prorate gross rent) [ ] Own manufactured home, lease space [ ] SRO: 1 room occupied by 1 person			
12h. Owner name			12h.
12i Owner TIN/SSN			12i.
12j. Payment standard for the family		$	12j.
12k. Rent to owner		$	12k.
12l Is the family receiving a higher payment standard as a reasonable accommodation? (Y or N)		$	12l.
12m. Utility allowance, if any		$	12m.
12n. Security deposit paid by the PHA on behalf of the family, if any		$	12n.
12o. Mobility-related services			12o(1).
(1) Did the family receive mobility-related services? (Y or N)			12o(2).
(2) Date family began receiving mobility-related services			
12p. Gross rent of unit: 12k + 12m (or Space Rent)		$	12p.
12q. Lower of 12j or 12p		$	12q.
12r. TTP: copy from 9j		$	12r.
12s. Total HAP: 12q minus 12r		$	12s.

Rent Calculation (if prorated rent, skip to 12ab)

12t. Total family share: 12p minus 12s		$	12t.
12u. HAP to owner: lower of 12k or 12s		$	12u.
12v. Tenant rent to owner: 12k minus 12u		$	12v.
12w. Utility reimbursement to family: 12s minus 12u, but do not exceed 12m		$	12w.

Prorated Rent Calculation

12ab. Normal total HAP: copy from 12s, but do not exceed 12p		$	12ab.
12ac. Total number eligible			12ac.
12ad. Total number in family			12ad.
12ae. Proration percentage: 12ac ÷ 12ad			12ae.
12af. Prorated total HAP: 12ab X 12ae		$	12af.
12ag. Mixed family total family contribution: 12p minus 12af		$	12ag.
12ah. Utility allowance: copy from 12m		$	12ah.
12ai. Mixed family tenant rent to owner: 12ag minus 12ah	If positive or 0, put tenant rent	$	12ai.
	If negative, credit tenant	$	12ai.
12aj. Prorated HAP to owner: 12k minus 12ai. If 12ai is negative, put 12k		$	12aj.

Additional Payments (not HAP)

12ap. Additional financial support for tenant-based voucher family		$	12ap.
12aq. Financial incentive for property owner		$	12aq.

Case Study 4: Dijon Family

- **Situation:** It's December and the PHA is processing a new admission for the Dijon family's initial leasing of their unit. The effective date of the new admission will be January 1.
- **Family information:**

Relation	Name	Age	Disabled
Head	Duke Dijon	47	N
Spouse	Dita Dijon	44	Y
Youth	Delilah Dijon	12	N
Youth	Dane Dijon	10	Y

- The Dijon's self-certify that they have the following assets:
  - Duke has a CD with a market value of $10,000 that has an early withdrawal penalty of $500 and earns $300 in interest annually.
  - Dita has a savings account worth $750 that earns $8 in interest.
  - Duke and Dita have a non-interest-bearing joint checking account worth $1,225.
- Dita receives $1,000 per month in Social Security disability benefits, but $175 per month is deducted for her Medicare premium. In October, the SSA announced a COLA of 4.7% for all recipients which takes effect on January 1. The Medicare deduction will stay the same.
- Duke lost his job in November and receives $400 per week in unemployment. This is expected to last for the next 15 months following the family's admission.
- The family has $20 per month in eligible unreimbursed health and medical care expenses for Duke. Delilah has $360 per year in eligible out-of-pocket expenses. Dane's average monthly health and medical care expenses are $500, but they are entirely reimbursed by a state disability program. They did not request a general relief hardship exemption.
- Dita is a full-time student paying $70 per week total for both children to be in an after-school program, The program enables her to attend school 40 weeks out of the year. The PHA has verified that the childcare cost is reasonable.

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- Unit information:
  - Unit size: 3-bedroom
  - Voucher size: 3-bedroom
  - Rent to owner: $1,825
  - 3-bedroom payment standard: $1,755
  - 3-bedroom utility allowance: $150
- PHA policy:
  - PHA policy allows for self-certification of assets when the net cash value is $54,898 or less
  - The PHA's minimum rent is $0

Using the HUD-50058 forms following, please compute the following for the Dijon family.

Final asset income in (6k):	$
Total annual income in (7i):	$
Adjusted income in (8y):	$
TTP in (9j):	**$**
HAP to owner in (12u):	**$**
Tenant rent to owner in (12v):	**$**

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6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				$ 6g.	$ 6h.	$ 6i.
6j. Passbook rate (written as decimal)						6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						6k.

7. Income

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

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8. Deductions and Allowances

8a. Total annual income: copy from 7i			$	8a.
Permissive Deductions				
8b. Family Member Name	No.	8c. Type of permissive deduction	8d. Amount	
			$	
			$	
			$	
			$	
			$	
			$	
8e. Total permissive deductions (sum of column 8d)			$	8e.
If head/spouse/co-head is under 62 and no family member is disabled, skip to 8l				
8f. Medical/disability threshold: 8a X 0.10			$	8f.
8g. Total annual unreimbursed disability assistance expense (if no disability expenses, skip to 8k)			$	8g.
8h. Maximum disability allowance: If 8g minus 8f is positive or zero, put amount			$	8h.
	If negative and head/spouse/co-head is under 62 and not disabled, put 0		$	8h.
	If negative and head/spouse/co-head is elderly or disabled, copy from 8g		$	8h.
8i. Earnings in 7d made possible by disability assistance expense			$	8i.
8j. Allowable disability assistance expense: lower of 8h or 8i (if 8g is less than 8f and head/spouse/co-head elderly or disabled, copy from 8h)			$	8j.
8k. Total annual unreimbursed health/medical expenses (if head/spouse/co-head under 62 and not disabled, put 0)			$	8k.
8l. Family is eligible for medical or child care expense hardship or both?				8l.
8m. Total annual disability assistance and medical expense: 8j + 8k (if no disability expenses, copy from 8k)			$	8m.
8n. Medical/disability assistance deduction:	If no disability assistance expenses or if 8g is less than 8f, put 8m minus 8f (if 8m minus 8f is negative, put zero)		$	8n.
	If disability assistance expenses and 8g is greater than or equal to 8f, copy from 8m		$	8n.
8p. Elderly/disability allowance			$	8p.
8q. Number of dependents (people under 18, or with disability, or full-time student. Do not count head of household, spouse, co-head, foster child/adult, or live-in aide.)				8q.
8r. Allowance per dependent			$	8r.
8s. Dependent allowance: 8q X 8r			$	8s.
8t. Total annual unreimbursed child care costs			$	8t.
8x. Total allowances: 8e + 8n + 8p + 8s + 8t			$	8x.
8y. Adjusted annual income: 8a minus 8x (if 8x is larger, put 0)			$	8y.

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9. Total Tenant Payment (TTP)

9a. Total monthly income: 8a ÷ 12	$	9a.
9c. TTP if based on annual income: 9a X 0.10	$	9c.
9d. Adjusted monthly income: 8y ÷ 12	$	9d.
9e. Percentage of adjusted monthly income	$	9e.
9f. TTP if based on adjusted annual income: (9d X 9e) ÷ 100	$	9f.
9g. Welfare rent per month (if none, put 0)	$	9g.
9h. Minimum rent (if waived, put 0)	$	9h.
9i. Enhanced Voucher minimum rent	$	9i.
9j. TTP, highest of lines 9c, 9f, 9g, 9h, or 9i	$	9j.
9k. Most recent TTP	$	9k.
9m. Qualify for minimum rent hardship exemption? (Y or N)	$	9m.

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12. Housing Choice Vouchers: Tenant Based Vouchers

12a. Number of bedrooms on Voucher			12a.
12b. Is family now moving to this unit? (Y or N)			12b.
12d. Did family move into your PHA jurisdiction under portability? (Y or N) (if no, skip to 12g)			12d.
12e. Cost billed per month (put 0 if absorbed)		$	12e.
12f. PHA code billed			12f.
12g. Housing type [ ] Group Home (prorate gross rent) [ ] Own manufactured home, lease space [ ] SRO: 1 room occupied by 1 person			
12h. Owner name			12h.
12i Owner TIN/SSN			12i.
12j. Payment standard for the family		$	12j.
12k. Rent to owner		$	12k.
12l Is the family receiving a higher payment standard as a reasonable accommodation? (Y or N)		$	12l.
12m. Utility allowance, if any		$	12m.
12n. Security deposit paid by the PHA on behalf of the family, if any		$	12n.
12o. Mobility-related services			12o(1).
(1) Did the family receive mobility-related services? (Y or N)			12o(2).
(2) Date family began receiving mobility-related services			
12p. Gross rent of unit: 12k + 12m (or Space Rent)		$	12p.
12q. Lower of 12j or 12p		$	12q.
12r. TTP: copy from 9j		$	12r.
12s. Total HAP: 12q minus 12r		$	12s.

Rent Calculation (if prorated rent, skip to 12ab)

12t. Total family share: 12p minus 12s		$	12t.
12u. HAP to owner: lower of 12k or 12s		$	12u.
12v. Tenant rent to owner: 12k minus 12u		$	12v.
12w. Utility reimbursement to family: 12s minus 12u, but do not exceed 12m		$	12w.

Prorated Rent Calculation

12ab. Normal total HAP: copy from 12s, but do not exceed 12p		$	12ab.
12ac. Total number eligible			12ac.
12ad. Total number in family			12ad.
12ae. Proration percentage: 12ac ÷ 12ad			12ae.
12af. Prorated total HAP: 12ab X 12ae		$	12af.
12ag. Mixed family total family contribution: 12p minus 12af		$	12ag.
12ah. Utility allowance: copy from 12m		$	12ah.
12ai. Mixed family tenant rent to owner: 12ag minus 12ah	If positive or 0, put tenant rent	$	12ai.
	If negative, credit tenant	$	12ai.
12aj. Prorated HAP to owner: 12k minus 12ai. If 12ai is negative, put 12k		$	12aj.

Additional Payments (not HAP)

12ap. Additional financial support for tenant-based voucher family		$	12ap.
12aq. Financial incentive for property owner		$	12aq.

Case Study 5: Flamingo Family

- **Situation:** An annual reexamination is being processed effective 3/1 for the Flamingo family.
- **Family information:**

Relation	Name	Age	Disabled
Head	Fiona Flamingo	36	N
Youth	Feivel Flamingo	12	Y

- Fiona self-certifies she has a savings account worth $20,000 that earns $100 in interest, and Feivel has a checking account worth $1,900 that earns $10 in interest.
- EIV shows, and Fiona self-certifies that she agrees, that Feivel receives $950 per month in SSI. No other income is shown.
- Fiona provides in-home care for Feivel and receives $5,500 per month from the state Medicaid office.
- **Unit information:**
  - Unit size: 2-bedroom
  - Voucher size: 2-bedroom
  - Rent to owner: $1,500
  - 2-bedroom payment standard: $1,525
  - 2-bedroom utility allowance: $135
- **PHA policy:**
  - PHA policy allows for self-certification of assets when the net cash value is $54,898 or less
  - The PHA's minimum rent is $0

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Using the HUD-50058 forms following, please compute the following for the Flamingo family.

Final asset income in (6k):	$
Total annual income in (7i):	$
Adjusted income in (8y):	$
TTP in (9j):	**$**
HAP to owner in (12u):	**$**
Tenant rent to owner in (12v):	**$**

6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
				$	$	$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				$ 6g.	$ 6h.	$ 6i.
6j. Passbook rate (written as decimal)						6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						6k.

7. Income

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

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8. Deductions and Allowances

8a. Total annual income: copy from 7i			$	8a.
Permissive Deductions				
8b. Family Member Name	No.	8c. Type of permissive deduction	8d. Amount	
			$	
			$	
			$	
			$	
			$	
			$	
8e. Total permissive deductions (sum of column 8d)			$	8e.
If head/spouse/co-head is under 62 and no family member is disabled, skip to 8l				
8f. Medical/disability threshold: 8a X 0.10			$	8f.
8g. Total annual unreimbursed disability assistance expense (if no disability expenses, skip to 8k)			$	8g.
8h. Maximum disability allowance: If 8g minus 8f is positive or zero, put amount			$	8h.
	If negative and head/spouse/co-head is under 62 and not disabled, put 0		$	8h.
	If negative and head/spouse/co-head is elderly or disabled, copy from 8g		$	8h.
8i. Earnings in 7d made possible by disability assistance expense			$	8i.
8j. Allowable disability assistance expense: lower of 8h or 8i (if 8g is less than 8f and head/spouse/co-head elderly or disabled, copy from 8h)			$	8j.
8k. Total annual unreimbursed health/medical expenses (if head/spouse/co-head under 62 and not disabled, put 0)			$	8k.
8l. Family is eligible for medical or child care expense hardship or both?				8l.
8m. Total annual disability assistance and medical expense: 8j + 8k (if no disability expenses, copy from 8k)			$	8m.
8n. Medical/disability assistance deduction:	If no disability assistance expenses or if 8g is less than 8f, put 8m minus 8f (if 8m minus 8f is negative, put zero)		$	8n.
	If disability assistance expenses and 8g is greater than or equal to 8f, copy from 8m		$	8n.
8p. Elderly/disability allowance			$	8p.
8q. Number of dependents (people under 18, or with disability, or full-time student. Do not count head of household, spouse, co-head, foster child/adult, or live-in aide.)				8q.
8r. Allowance per dependent			$	8r.
8s. Dependent allowance: 8q X 8r			$	8s.
8t. Total annual unreimbursed child care costs			$	8t.
8x. Total allowances: 8e + 8n + 8p + 8s + 8t			$	8x.
8y. Adjusted annual income: 8a minus 8x (if 8x is larger, put 0)			$	8y.

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9. Total Tenant Payment (TTP)

9a. Total monthly income: 8a ÷ 12	$	9a.
9c. TTP if based on annual income: 9a X 0.10	$	9c.
9d. Adjusted monthly income: 8y ÷ 12	$	9d.
9e. Percentage of adjusted monthly income	$	9e.
9f. TTP if based on adjusted annual income: (9d X 9e) ÷ 100	$	9f.
9g. Welfare rent per month (if none, put 0)	$	9g.
9h. Minimum rent (if waived, put 0)	$	9h.
9i. Enhanced Voucher minimum rent	$	9i.
9j. TTP, highest of lines 9c, 9f, 9g, 9h, or 9i	$	9j.
9k. Most recent TTP	$	9k.
9m. Qualify for minimum rent hardship exemption? (Y or N)	$	9m.

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12. Housing Choice Vouchers: Tenant Based Vouchers

12a. Number of bedrooms on Voucher			12a.
12b. Is family now moving to this unit? (Y or N)			12b.
12d. Did family move into your PHA jurisdiction under portability? (Y or N) (if no, skip to 12g)			12d.
12e. Cost billed per month (put 0 if absorbed)		$	12e.
12f. PHA code billed			12f.
12g. Housing type [ ] Group Home (prorate gross rent) [ ] Own manufactured home, lease space [ ] SRO: 1 room occupied by 1 person			
12h. Owner name			12h.
12i Owner TIN/SSN			12i.
12j. Payment standard for the family		$	12j.
12k. Rent to owner		$	12k.
12l Is the family receiving a higher payment standard as a reasonable accommodation? (Y or N)		$	12l.
12m. Utility allowance, if any		$	12m.
12n. Security deposit paid by the PHA on behalf of the family, if any		$	12n.
12o. Mobility-related services			12o(1).
(1) Did the family receive mobility-related services? (Y or N)			12o(2).
(2) Date family began receiving mobility-related services			
12p. Gross rent of unit: 12k + 12m (or Space Rent)		$	12p.
12q. Lower of 12j or 12p		$	12q.
12r. TTP: copy from 9j		$	12r.
12s. Total HAP: 12q minus 12r		$	12s.

Rent Calculation (if prorated rent, skip to 12ab)

12t. Total family share: 12p minus 12s		$	12t.
12u. HAP to owner: lower of 12k or 12s		$	12u.
12v. Tenant rent to owner: 12k minus 12u		$	12v.
12w. Utility reimbursement to family: 12s minus 12u, but do not exceed 12m		$	12w.

Prorated Rent Calculation

12ab. Normal total HAP: copy from 12s, but do not exceed 12p		$	12ab.
12ac. Total number eligible			12ac.
12ad. Total number in family			12ad.
12ae. Proration percentage: 12ac ÷ 12ad			12ae.
12af. Prorated total HAP: 12ab X 12ae		$	12af.
12ag. Mixed family total family contribution: 12p minus 12af		$	12ag.
12ah. Utility allowance: copy from 12m		$	12ah.
12ai. Mixed family tenant rent to owner: 12ag minus 12ah	If positive or 0, put tenant rent	$	12ai.
	If negative, credit tenant	$	12ai.
12aj. Prorated HAP to owner: 12k minus 12ai. If 12ai is negative, put 12k		$	12aj.

Additional Payments (not HAP)

12ap. Additional financial support for tenant-based voucher family		$	12ap.
12aq. Financial incentive for property owner		$	12aq.

Answers to Case Studies

Case Study 1: Alabaster Family

Total annual income in (7i):	**$ 34,320**
Adjusted income in (8y):	$ **28,070**
TTP in (9j):	**$ 702**
HAP in (12u):	**$ 948**
Tenant rent to owner in (12v):	**$ 627**

Case Study 2: Butler Family

Final asset income in (6k):	$ **65**
Total annual income in (7i):	$ **9,590**
Adjusted income in (8y):	$ **4,895**
TTP in (9j):	**$ 122**
HAP to owner in (12u):	**$ 1,498**
Tenant rent to owner in (12v):	**$ 252**

Case Study 3: Crimson Family

Final asset income in (6k):	$ **1,064**
Total annual income in (7i):	$ **36,104**
Adjusted income in (8y):	$ **32,509**
TTP in (9j):	**$ 813**
HAP in owner in (12u):	**$ 637**
Tenant rent to owner in (12v):	**$ 838**

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Case Study 4: Dijon Family

Final asset income in (6k):	$ **308**
Total annual income in (7i):	$ **33,672**
Adjusted income in (8y):	$ **29,247**
TTP in (9j):	**$ 731**
HAP to owner in (12u):	**$ 1,024**
Tenant rent to owner in (12v):	**$ 801**

Case Study 5: Flamingo Family

Final asset income in (6k):	$ **110**
Total annual income in (7i):	$ **11,510**
Adjusted income in (8y):	$ **10,985**
TTP in (9j):	**$ 275**
HAP to owner in (12u):	**$ 1,250**
Tenant rent to owner in (12v):	**$ 250**

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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.

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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.

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PERSONAL "TO-DO" LIST

ITEM	COMMENT

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HOUSING PROGRAM "TO-DO" LIST

ITEM	PAGE NUMBER/REFERENCE

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ADMINISTRATIVE POLICY REVIEW CHECKLIST

POLICY ISSUE	REFERENCE

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IDEA DESIGN WORKSHEET

IDEA
CURRENT POLICY, PROCEDURE, OR PRACTICE
BENEFITS OF THIS RECOMMENDATION
STEPS NECESSARY TO IMPLEMENT
APPLICABLE HUD REFERENCES

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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?

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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.

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