



HOTMA Sections 102 and 104: Income and Assets Fact Sheet

This sheet provides an overview of the changes related to income reviews and asset limitations from the implementation of HOTMA Sections 102 and 104.

Income Definitions — 24 CFR 5.609 (a): Income is now defined broadly with an expanded and clarified list of income exclusions. Annual income includes all amounts received from all sources by each adult family member 18 years or older or the head of household or their spouse, plus unearned income by or on behalf of each dependent under 18 years, plus income from assets.

- **Income Exclusions — 24 CFR 5.609(b):** See the [Income and Exclusions Resource Sheet](#) for the list of all excluded amounts.
- **Student Financial Assistance — 24 CFR 5.609(b)(9):** See the [Student Financial Assistance Resource Sheet](#) for information on deductions, exclusions, and calculating exclusions.

Income from Assets — 24 CFR 5.609(a): In general, income from assets is considered income. If it is possible to calculate actual returns from an asset, the PHA should use that amount. If it is not possible to calculate an actual return on an asset, the PHA must impute income from assets based on the current passbook savings rate as determined by HUD when the family has net assets over \$50,000 (adjusted annually by CPI-W). See the [Asset Resource Sheet](#) for the list of all excluded amounts.

Calculation of Income — 24 CFR 5.609(c): For initial occupancy/assistance and interim reexaminations, the PHA must estimate the family income for the upcoming 12-month period using current income. For all annual reexaminations, the PHA must determine the family income for the previous 12-months **unless** using a streamlined income determination, taking into account any redetermination from an interim reexamination and any unaccounted for income changes.

Interim Income Reexaminations — 24 CFR 960.257(b), 982.516(c), and 882.515(b): A family may request an interim reexamination because of family income or composition changes since the last examination. An interim reexamination should be conducted when a family's adjusted income decreases by 10% or more (or lower threshold per HUD or PHA policy). An interim reexamination should also be conducted when a family's adjusted income increases by 10% or more; however, the PHA may not consider any increase in the *earned* income of the family when estimating or calculating whether the family's adjusted income has increased, unless the family has previously received an interim reduction during the certification period. See the [Interim Reexaminations Fact Sheet](#).



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Safe Harbor: Income Determinations from Other Programs — 24 CFR 5.609(c)(3): The PHA may determine a family's pre-deduction income based on income determinations made by other means-tested federal public assistance programs within the previous 12-months. PHAs are not required to use this method.

Eliminates the Earned Income Disregard: Only families already participating in EID on the effective date of the final rule may continue receiving the benefits up to 2 years from that date. Families receiving the Jobs Plus Earned Income Disregard pursuant to the FY2022 NOFO or earlier may continue to receive the EID under the terms of the NOFO.

Mandatory Deductions — 24 CFR 5.611 (a)(1)-(a)(2): Changes the mandatory deduction amounts to \$480 per dependent and \$525 per elderly and disabled family. These amounts are 2024 figures, adjusted annually for inflation and rounded to the next lowest multiple of \$25.

Health and Medical Expense Deduction — 24 CFR 5.611(a)(3): Increases the threshold for the deduction of unreimbursed health and medical care expenses plus unreimbursed reasonable attendant care and auxiliary apparatus expenses that enable employment to 10% of annual income.

Permissive Deductions — 24 CFR 5.611(b): A PHA may adopt, through written policies, additional deductions from annual income. PHAs will not be eligible for additional HUD funding based on application of these deductions.

Hardship Exemptions to the Health and Medical Expenses Deduction — 24 CFR 5.611(c)(1)-(c)(2): There are two categories of hardship exemptions to the new 10% threshold for unreimbursed health and medical expenses: a phase-in for families already receiving a deduction for expenses over 3% of their income and a general hardship exemption.

Exemption to Continue the Child Care Expense Deduction — 24 CFR 5.611(d): A family whose eligibility for the child care expense deduction is ending may request a financial hardship exemption to continue the deduction.

Limitation on Assets — 25 CFR 5.618(a): The new rule restricts families from receiving public housing or Section 8 benefits if their net family assets exceed \$100,000 (as adjusted annually) or if the family owns real property deemed suitable for the family to live in.

Exclusion from Assets — 24 CFR 5.603(b)(3): There are new exclusions from assets, including related to necessary items of personal property, non-necessary items of personal property when the total value does not exceed \$50,000 (as adjusted), and real property that the family does not have the legal authority to sell.

See the [Assets, Asset Exclusions, and Limitation on Assets Resource Sheet](#) for a complete list and more information on exclusions and real property.

Additional Resources on HOTMA Sections 102/ 104

- HUD Exchange: [HOTMA Income and Assets Training Series](#)



Income and Income Exclusions Resource Sheet

For more information refer to the full HOTMA Income and Assets Training Series, including the Income Fact Sheet.

Annual Income **24 CFR 5.609(a)**

Annual income includes, with respect to the family:

- All amounts, not specifically excluded below, received from all sources by each member of the family 18 years or older or is the head of household or spouse of the head of household, plus
- Unearned income by or on behalf of each dependent who is under 18 years of age, and
- Imputed returns on net family assets exceeding \$50,000 (adjusted annually using the CPI-W) when the value of the actual returns from a given asset cannot be calculated. Imputed returns are based on the current passbook savings rate, as determined by HUD. (**Note:** if it is possible to calculate actual returns from an asset, the PHA should use that amount as income).

EXCLUSIONS

Federally Mandated Income Exclusions **24 CFR 5.609(b)(22)**

Amounts that HUD is required by federal statute to exclude as income for determining eligibility or benefits. HUD will publish an updated notice in the Federal Register to identify the benefits that qualify for this exclusion. Updates will be published when necessary.

- Mandatory Income exclusions related to ABLE accounts will be detailed here. PHAs can refer to Notice PIH 2019-09/H-2019-06, or any subsequent notice on the subject, for details on when ABLE account income is excluded.

Assets **24 CFR 5.609(b)(1)**

Imputed returns: Any imputed return on an asset when net family assets total \$50,000 or less (adjusted by HUD annually per CPI-W) and no actual income from the net family assets can be determined. (**Note that:** Actual returns from assets are included in income.)



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Income and Income Exclusions Resource Sheet

Non-recurring income **24 CFR 5.609(b)(24)**

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

Some examples of non-recurring income include:

- 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.
- State or federal refundable tax credits or state or federal tax refunds received directly at the time they are received directly by the family.
- Gifts for significant life events or milestones (e.g., holidays, birthdays, wedding gifts, baby showers, anniversaries).
- Non-monetary, 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.

Note that: Income received as an independent contractor, day laborer, or seasonal worker is not excluded from income, even if the source, date, or amount of the income varies.

Self-employment Income **24 CFR 5.609(b)(28)**

Gross income received through self-employment or operation of a business; with the exception of the following which **shall be considered income**:

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



Note: gross income is the total income that a business brings in and is not reflective of the costs of operating a business or of being self-employed

Minors Earned Income **24 CFR 5.609(b)(3)**

All earned income of all children under the age of 18, including foster children.

Income and Income Exclusions Resource Sheet

Adoption assistance payments **24 CFR 5.609(b)(15)**

Earned income in excess of the amount of the deduction for a dependent in § 5.611.

- Deduction is currently \$480* per child. The end result is that all adoption assistance payments will be excluded.

Earned Income of Dependent Students

24 CFR 5.609(b)(14)

Earned income of dependent full-time students in excess of the amount of the deduction for a dependent.

- Deduction is currently \$480* per dependent. The end result is that these payments will not be counted.

Title IV HEA Assistance **24 CFR 5.609(9)(i)**

Any assistance that section **479B of the Higher Education Act of 1965**, as amended (20 U.S.C. 1087uu), requires to be excluded from a family's income including Bureau of Indian Affairs or Department of Education student assistance programs. These amounts are only excluded up to the cost that covers tuition and other required fees in Section 8 households if the student is the head of household or that person's spouse.

Other Student Financial Assistance **24 CFR 5.609(9)(ii)**

Student financial assistance, not excluded under the HEA for "actual covered costs" of higher education paid directly to the student or to the educational institution on the student's behalf.

Educational Savings Account **24 CFR 5.609(b)(10)**

Income and distributions from any Coverdell educational savings account or any qualified tuition program under IRS sections 529 and 530.

Baby bonds **24 CFR 5.609(b)(10)**

Income earned by government contributions to, or distributions from, 'baby bond' accounts created, authorized, or funded by federal, state, or local government.

Foster Children / Adults Payments **24 CFR 5.609(b)(4)**

Payments received for the care of foster children or adults, including state kinship, guardianship care payments, or tribal kinship payments.



See the **Student Aid and Financial Assistance Resource Sheet** for more information on how to calculate the exclusion, particularly when the student receives funds from both types of sources.

* As adjusted annually by CPI-W and rounded to the next lowest multiple of \$25.

Income and Income Exclusions Resource Sheet

Foster Children/ Adults Income **24 CFR 5.609(b)(8)**

Income of foster child or adult (as defined in 24 CFR 5.403 and 5.603).

Live-in Aide **24 CFR 5.609(b)(8)**

Income of a live-in aide.



Note on Foster Children/Adults and Live-in Aides: Foster adults and foster children are members of the household and therefore considered when determining appropriate unit size and utility allowance. However, they are not considered members of the “assisted family” in determining annual and adjusted income or net family assets; nor are the assets of foster adults or children taken into consideration for purposes of asset limitations. A live-in aide is treated similarly for purposes of income and assets.

State Payments to Allow Individuals with Disabilities to Live at Home

24 CFR 5.609(b)(19)

These payments must be made:

- by or authorized by a state Medicaid managed care system or other state agency
 - » Includes: state Medicaid-managed care system, other state agency, or authorized entity
- to a family to enable a family member who has a disability to reside in the family’s assisted unit.



Note on HOTMA changes to State Payments to Allow Individuals with Disabilities to Live at Home:

- HOTMA expands the exclusion to cover all payments by the state Medicaid-managed care system, other state agency, or authorized entity, for caregiving services to enable a family member with a disability to live in the assisted unit.
- No change if the family already received such payment that was excluded from income
- Previous requirement that these payments offset the cost of services or equipment has been eliminated.

Plan to Attain 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).

Income and Income Exclusions Resource Sheet

Trust distributions 24 CFR 5.609(b)(2)

Irrevocable trust or revocable trust outside of family or household control, excluded from the definition of net family assets under § 5.603(b),

- Distributions of the principal, or corpus, of the trust, and
- Distributions of income from the trust used to pay the costs of health and medical care expenses for a minor.

Revocable trust or a trust under the control of the family or household: any distributions from the trust are excluded from income.

- Except that any actual income earned by the trust, regardless of whether it is distributed, shall be considered income to the family at the time it is received by the trust.



Note: given that the corpus (or principal) of a trust is not new money coming in for the family, any distributions of a trust's principal, regardless of the form of the trust, are excluded. As a general rule, PHAs and owners must count any distributions of income from an irrevocable trust or a trust not under the control of the family (e.g., distributions of earned interest) as income to the family with the exception of distributions used to pay the health and medical care expenses of a minor.

Reimbursements for Health and Medical Care Expenses 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.

Insurance payments and settlements for personal or property loss

24 CFR 5.609(b)(5)

Including, but not limited to: payments through health insurance, motor vehicle insurance, and workers' compensation.

Retirement plan 24 CFR 5.609(b)(26)

Income received from any account under an IRS-recognized retirement plan. However, any distribution of **periodic payments** from these accounts shall be income at the time they are received by the family. Retirement accounts include:

- Individual retirement arrangements (IRAs)
- Employer retirement plans, and
- Retirement plans for self-employed individual

Military 24 CFR 5.609(b)(11)

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

Income and Income Exclusions Resource Sheet

Veterans **24 CFR 5.609(b)(17)**

Payments related to aid and attendance for veterans under 38 U.S.C. 1521.

Lawsuit Settlements **24 CFR 5.609(b)(7)**

Any amounts recovered in any civil action or settlement based on a claim of malpractice, negligence, or other breach of duty owed to a family member arising out of law, that resulted in a member of the family having a **disability**.

Reparations for Persecution **24 CFR 5.609(b)(13)**

Reparation payments paid by a foreign government for claims by people persecuted during the Nazi era.

Tribal Claims Payments **24 CFR 5.609(b)(21)**

Payments received by tribal members as a result of claims relating to the mismanagement of assets held in trust by the United States. This includes payments from tribal trust settlements. Payments must be excluded from gross income under the Internal Revenue Code or other federal law.

Civil Rights Settlements and Judgements **24 CFR 5.609(b)(25)**

Civil rights settlements or judgments, including settlements or judgments for back pay.

Reimbursements from other publicly assisted programs

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

Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (e.g., special equipment, clothing, transportation, child care, etc.) to allow participation in a specific program.

Resident Services Stipend **24 CFR 5.609(b)(12)(iii)**

Resident service stipends not to exceed \$200 per month. This is a modest amount provided to a resident for performing a service for the PHA, on a part-time basis, that enhances the quality of life in the development.

Employment training programs **24 CFR 5.609(b)(12)(iv)**

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.

- 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 (§ 5.609(b)(9)(i)).

Income and Income Exclusions Resource Sheet

Family Self Sufficiency Account **24 CFR 5.609(b)(27)**

Income earned on amounts placed in a family's FSS.

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.

Deferred Supplemental Security Income, Social Security benefits, or Department of Veterans Affairs disability benefits **24 CFR 5.609(b)(16)**

Deferred periodic amounts from:

- Supplemental Security Income and Social Security benefits that are received as a lump sum or in prospective monthly amounts, or
- Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts.

Property Tax Rebates **24 CFR 5.609(b)(18)**

Refunds or rebates under state or local law for property taxes paid on the dwelling unit.

Loan Proceeds **24 CFR 5.609(b)(20)**

The net amount disbursed by a lender to a borrower, under the loan terms. Funds may be received by the family or a third party (e.g., educational institution or car dealership).

Income and Income Exclusions Resource Sheet

Annual Income Exclusions **24 CFR 5.609(b)**

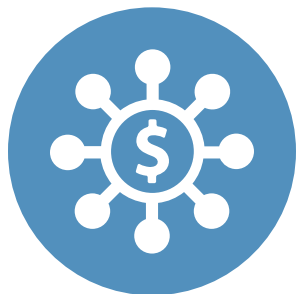
Income Exclusions Table

Category	Exclusion	CFR	Description
Other	Federally Mandated Income Exclusions	24 CFR 5.609(b)(22)	Amounts that must be excluded by federal statute. HUD will publish a Federal Register notice that includes the qualifying benefits.
Assets	Imputed Income from Assets	24 CFR 5.609(b)(1)	Any imputed return on an asset when net family assets total \$50,000 (adjusted annually) or less and no actual income from the net family assets can be determined.
Non-recurring income	Non-recurring income	24 CFR 5.609(b)(24)	Income that will not be repeated in the coming year based on information provided by the family.
Self-employment	Gross Self-employment Income	24 CFR 5.609(b)(28)	Gross income received through self-employment or operation of a business
Dependents	Minors (children under the age of 18 years)	24 CFR 5.609(b)(3)	All earned income of all children under the age of 18, including foster children.
Dependents	Adoption assistance payments	24 CFR 5.609(b)(15)	Adoption assistance payments for a child in excess of the amount of the dependent deduction.
Students	Earned Income of Dependent Students	24 CFR 5.609(b)(14)	Earned income of dependent full-time students in excess of the amount of the dependent deduction.
Students	Title IV HEA Assistance	24 CFR 5.609(b)(9)(i)	Any assistance that Section 479B of the Higher Education Act (HEA) of 1965, as amended, requires to be excluded from a family's income.
Students	Other Student Financial Assistance	24 CFR 5.609(b)(9)(ii)	Student financial assistance, not excluded under the HEA, for actual covered costs of higher education.
Students	Educational Savings Account	24 CFR 5.609(b)(10)	Income and distributions from any Coverdell educational savings account or any qualified tuition program under IRS section 530 or any qualified tuition program under section 529.
Baby bonds	Baby bonds	24 CFR 5.609(b)(10)	Income earned by government contributions to, or distributions from, 'baby bond' accounts created, authorized or funded by federal, state or local government.
Foster children / adults	Payments for Foster Children / Adults	24 CFR 5.609(b)(4)	Payments received for the care of foster children or adults, including State kinship, guardianship care payments, or tribal kinship payments.
Foster children / adults	Income of foster children / adults	24 CFR 5.609(b)(8)	Income of a live-in aide, foster child, or foster adult as defined in 24 CFR 5.403 and 5.603.
Live-in Aide	Income of a Live-in Aide	24 CFR 5.609(b)(8)	Income of a live-in aide, foster child, or foster adult.
People with Disabilities	ABLE accounts	24 CFR 5.609(b)(22)	Will be included in federally mandated excluded amounts. Notice PIH 2019-09/H-2019-06 details when ABLE account income is excluded.
People with Disabilities	State Payments to Allow Individuals with Disabilities to Live at Home	24 CFR 5.609(b)(19)	Payment made by an authorized by a state Medicaid managed care system or other state agency to a family to enable a family member to live in the family's assisted unit.
People with Disabilities	Plan to Attain Self-Sufficiency (PASS)	24 CFR 5.609(b)(12)(i)	Amounts set aside for use under a Plan to Attain Self-Sufficiency (PASS).
People with Disabilities	Reimbursements for Health and Medical Care Expenses	24 CFR 5.609(b)(6)	Amounts for, or in reimbursement of, health and medical care expenses for any family member.

(continued)

Income and Income Exclusions Resource Sheet

Category	Exclusion	CFR	Description
Trusts	Trust distributions	24 CFR 5.609(b)(2)	Any distributions of a trust's principal are excluded. PHAs and owners must count any distributions of income from an irrevocable trust or a trust not under the control of the family (e.g., distributions of earned interest) as income to the family with the expectation of distributions used to pay the health and medical care expenses of a minor.
Insurance	Insurance payments and settlements for personal or property loss	24 CFR 5.609(b)(5)	Insurance payments and settlements for personal or property loss including, but not limited to: payments through health insurance, motor vehicle insurance, and workers' compensation.
Retirement	Retirement plan	24 CFR 5.609(b)(26)	Income received from any account under an IRS-recognized retirement plan. However, periodic payments are income at the time of receipt.
Military	Hostile fire special payment	24 CFR 5.609(b)(11)	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
Veterans	Veterans aid and attendance payments	24 CFR 5.609(b)(17)	Payments related to aid and attendance for veterans under 38 U.S.C. 1521.
Lawsuits	Lawsuit Settlements	24 CFR 5.609(b)(7)	Amounts recovered in a civil action or settlement based on malpractice, negligence and other breach of duty claim resulting in a family member becoming disabled.
Lawsuits	Reparations for Persecution	24 CFR 5.609(b)(13)	Reparation payments paid by a foreign government for claims by people persecuted during the Nazi era.
Lawsuits	Tribal Claims Payments	24 CFR 5.609(b)(21)	Payments received by tribal members from claims relating to the mismanagement of assets held in trust by the United States.
Lawsuits	Lawsuits related to civil rights	24 CFR 5.609(b)(25)	Civil rights settlements or judgments, including settlements or judgments for back pay.
Reimbursements	Reimbursements from publicly assisted programs	24 CFR 5.609(b)(12)(ii)	Amounts received by a participant in other publicly assisted programs for or in reimbursement of expenses to allow program participation (e.g., special equipment, clothing, transportation, child care, etc.).
Resident Services Stipend	Resident Services Stipend	24 CFR 5.609(b)(12)(iii)	Resident service stipends of \$200 or less per month for performing a part-time service for the PHA that enhances the quality of life in the development.
Employment training programs	Employment training programs	24 CFR 5.609(b)(12)(iv)	Incremental earnings and benefits from training programs HUD and qualifying employment training programs and training of a family member as resident management staff.
FSS	Family Self Sufficiency Account	24 CFR 5.609(b)(27)	Income earned on amounts placed in a family's FSS account.
Housing gap payments	Housing "gap" payments	24 CFR 5.609(b)(23)	Replacement housing "gap" payments to offset increased rent and utility costs to families displaced from one federally subsidized housing unit and another.
Benefits	Deferred Supplemental Security Income, SS income and benefits, or VA disability benefits	24 CFR 5.609(b)(16)	Deferred periodic amounts from: SSI, Supplemental Security Income and benefits or VA disability benefits that are received in a lump sum or prospective monthly amounts.
Property tax rebates	Property Tax Rebates	24 CFR 5.609(b)(18)	Refunds or rebates under state or local law for property taxes paid on the dwelling unit.
Loans	Loan Proceeds	24 CFR 5.609(b)(20)	The net amount disbursed by a lender to a borrower or a third party (e.g., educational institution or car dealership).



Assets, Asset Exclusions, and Limitation on Assets Resource Sheet

For more information refer to the full HOTMA Income and Assets Training Series, including the Income Fact Sheet.

Definition of Assets **24 CFR 5.603(b) “Net Family Assets” Para. (1)**

Net family assets: 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.

This new definition includes the cash value of all family assets with the exception of the expanded and enumerated exclusions.

Eligibility Restrictions Due to Family Assets **24 CFR 5.618(a)**

HOTMA restricts families from receiving assistance in the public housing or housing choice voucher program if their net family assets exceed \$100,000* or if the family owns real property suitable for the family to live in. There are qualifications and exemptions from both requirements.

PHAs cannot waive the asset requirements but can delay enforcement for current participants up to 6 months based on PHA policy.

Determining net family assets **24 CFR 5.603(b) “Net Family Assets” Para. (2)**

- PHAs must include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application or reexamination, in excess of the consideration received.
- In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for 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 an exclusion from family assets.

** 2024 amount. After 2024, HUD will adjust the amount annually based on CPI-W.*



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Assets, Asset Exclusions, and Limitation on Assets Resource Sheet

Income from Assets 24 CFR 5.609(a)

In general, income from assets is considered income. If it is possible to calculate actual returns from an asset, the PHA should use that amount.

If it is not possible to calculate an actual return on an asset, and:

- The net family assets are \$50,000* or less, the imputed income from that asset is excluded
- The net family assets are over \$50,000,* the PHA must impute income for the asset based on the current passbook savings rate, as determined by HUD

Net Family Assets Scenario	Actual Income	Imputed Returns	Amount Included in Income
Assets of \$50,000 or less	Included	Not calculated	Actual income only
Exceeds \$50,000 and actual income can be computed for ALL assets	Included	Not calculated	Actual income only
Exceeds \$50,000 and NO actual income can be computed	N/A	Calculated using HUD passbook rate for all assets	Imputed returns for all assets
Exceeds \$50,000, but actual income can only be computed for some assets	Included for assets that can be computed	Calculated for any remaining assets where actual income cannot be computed	Actual income that can be computed AND imputed returns for all remaining assets that cannot be computed

Restriction on Owning Real Property Suitable for Occupancy

24 CFR 5.618(a)(ii)

A family cannot receive benefits if they have “present ownership interest in, a legal right to reside in, and the effective legal authority to sell, based on state or local laws of the jurisdiction where the property is located, real property that is suitable for occupancy by the family as a residence.”

The restriction on owning real property does not apply to:

- A family that receives assistance for the property under the Housing Choice Voucher Program for:
 - » Manufactured home (24 CFR 982.620)
 - » Homeownership Option
- Property jointly owned with someone else, and occupied by the other owner who is not a member of the household receiving benefits.
- A victim of domestic violence, dating violence, sexual assault, or stalking.
- A family that is offering the property for sale.

Assets, Asset Exclusions, and Limitation on Assets Resource Sheet

A family that owns a property may show it is not “suitable for occupancy” if it:

- Does not meet the disability-related needs for all members of the family.
 - » Examples: Physical needs, proximity to transit, need for additional bedrooms or space, etc.
- Is not sufficient for the size of the family.
- Is located so as to be a hardship for the family.
 - » Example: the location would be a hardship for the family’s commute to work or school
- Is unsafe because of physical condition.
 - » Unless issues can be “easily remedied”
- Cannot be a residence per local or state laws.
 - » Example: a storefront zoned for commercial use only

Documentation of Assets **24 CFR 5.618(b)**

For documentation of net family assets under \$50,000*, the PHA may accept self-certification from the family that the assets are under that amount.

- Certification must include any expected income from the assets (actual returns only).
- No further documentation is required by the PHA for the net family asset restriction.
- Assets must be verified every 3 years.

Property ownership: the PHA may accept self-certification that the “family does not have any present ownership interest in any real property.”

- The statutory self-certification *only* asks about ownership, and does not address the other elements of the restriction (such as a legal right to reside in, and the effective legal authority to sell the property).
- PHAs can use a form with the statutory self-certification question as well as follow-up questions related to other elements.

If family declares a property and asks for an exemption because a family member is a victim of domestic violence, dating violence, sexual assault, or stalking:

- The PHA must accept self-certification of the family member
- **24 CFR 5.2007** applies
 - » Confidentiality rules
 - » Restrictions on document requests
- HUD expects to update VAWA-related forms at a later date
 - » Form HUD **5380** Notice of Occupancy Rights under VAWA
 - » Form HUD **5382** Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking, and Alternate Documentation

Assets, Asset Exclusions, and Limitation on Assets Resource Sheet

Excluded assets 25 CFR 5.603(b) “Net Family Assets” Para. (3) and (4)

The following assets are excluded under HOTMA. If the family owns an excluded asset, its value does not count toward the restriction due to net family assets. Most of these exclusions are new.

Category	Excluded Asset	Example(s)	Notes
Personal property	Necessary items of personal property	Medical devices, vehicle for commute	Determining what is a “necessary item” for personal property is a highly fact-specific determination. Additional guidance is forthcoming from HUD.
Personal property	Non-necessary items of personal property if the combined total value does not exceed \$50,000*	Vintage baseball cards, recreational boat, coin collection, art so long as the <i>total</i> value is under the limit	This matches the value of assets that can be self-certified by the family.
Savings account	Retirement account recognized by IRS	IRA, 401(k), 401(b) and retirement plans for self-employed individuals	
Real property	Real property that the family does not have the effective legal authority to sell in the jurisdiction in which the property is located	Property subject to a lawsuit may be legally restricted from sale.	Such property does not count against the dollar amount limit or the real property limitation
Cash	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, for an incident resulting in a disability	A drunk driver injures a family member, who then has a disability. The family sues, and the driver’s insurance pays the family.	
Savings account	The value of certain education or disability support savings accounts	Under Internal Revenue Code sections 529, 529A, 530, “baby bond” accounts	Coverdell accounts, tuition programs, any “baby bond” account created, authorized, or funded by Federal, state, or local government
Real property	Interest in Indian trust land	Family has interest in land held in trust by Bureau of Indian Affairs	Existing exclusion
Real property	Equity in a manufactured home where the family receives assistance under 24 CFR 982	HCV Manufactured Home Space Rental participants	
Real property	Equity in property where the family receives assistance under 24 CFR 982	HCV homeownership participant	For real property other than manufactured homes
Savings account	Family Self-Sufficiency (FSS) accounts		The family does not have access to FSS funds during their participation in the program. Also excluded from income.
Cash	Federal tax refunds or refundable tax credits for a period of 12 months after receipt by the family	Earned Income Tax Credits (EITC)	
Trust Funds	Trust that is not revocable by, or under the control of, any member of the family or household	Non-revocable trust fund; trust fund revocable once minor child reaches age 21	As long as a trust meets this definition, it is not an asset of the family



Interim Income Reexaminations Resource Sheet

For more information refer to the full HOTMA Income and Assets Training Series, including the Income Fact Sheet.

Overview **24 CFR 960.257(b), 982.516(c), and 882.515(b)**

HOTMA makes changes to when a PHA must conduct an interim reexamination due to changes in family income and composition.

Scenarios

This table shows what action a PHA must take under different scenarios.

Scenario	PHA Action	Notes
Family reports income increase or decrease to PHA	PHA estimates amount of change	PHA may use Income Estimation Tool and must estimate for the upcoming 12 months. For increases, earned income does not count (unless PHA policy requires it following an interim reduction in the same certification period).
Estimate shows income decrease is 10% or more of adjusted income	PHA must conduct interim reexamination	
Estimate shows income decrease is less than 10%	PHA may conduct an interim reexamination if HUD or PHA policy sets a threshold lower than 10%.	If the PHA uses the default 10% threshold, no reexamination is required.
Estimate shows increase in applicable income is 10% or more	PHA must conduct an interim reexamination	PHA may decline to conduct an interim if the increase of income occurred in the last three months before a regular annual examination.
PHA becomes aware of an error in income or rent calculation	On becoming aware of an error(s), the PHA must correct retroactive to the effective date of the action the error was made regardless of the dollar amount. PHA must repay or credit the family for overcharged rent, but is not required to charge back rent if the family was undercharged.	PHA is not out of compliance if income calculation is off by \$30 or less, the “de minimis” amount.



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Interim Income Reexaminations Resource Sheet

Effective Date

When does a rent increase or decrease become effective?

Rent increase or decrease?	Did family report changes timely per PHA policy?	Effective date of new rent
Decrease	Yes	The first day of the month after the date of the reported change.
Decrease	No	The first of the month following the PHA's completion of the IR reexamination.
Increase	Yes	The first of the month after the end of the 30-day advance notice period.
Increase	No	Retroactive to the first of the month following the date of the change.

Optional PHA Policy for Rent Decreases

If a family reports an income decrease outside of the time required by the PHA policy, the PHA may, per their written policy, process a rent reduction *retroactively* to the first rental period after the event (i.e., for before the family reported). A retroactive decrease may not be effective prior to the later of the first of the month following: **1)** the date of the change leading to the interim reexamination; or **2)** the effective date of the family's most recent previous reexamination (whether initial, annual, or interim). No rent change may be applied retroactively to a time before January 1, 2024.

This policy may be conditional upon certain circumstances. For example, if the resident could not report due to extenuating circumstances such as natural disaster. Any retroactive adjustment must be clearly communicated so the tenant is clear on the rent going forward.

Income Estimation Tool

PHAs may use the Income Estimation Tool at any income examination. The tool will show the amount that the adjusted annual income would need to either increase or decrease to request an interim examination. The family can save the printed tool as a guideline for when to return to the PHA office after any income changes. It should be explained that there are many factors that determine the adjusted annual income.

Likewise, when a family reports changes, this tool may be used by the PHA as a baseline to estimate if the amount of the reported changes meets or exceeds the threshold requiring a full income reexamination. Since the family is only reporting changes to their non-adjusted income, the PHA must confirm that there are no other changes that would affect adjusted income such as changes to deductions. If there is uncertainty based on the reported changes, PHAs may be required to complete all work related to an interim to estimate if the family qualifies.

Interim Income Reexaminations Resource Sheet

Reasonable Processing

The PHA must conduct any interim reexamination within a reasonable time after the family requests or when the PHA becomes aware of an increase. Reasonable processing time may vary based on the amount of time it takes to verify information, but generally should not be longer than 30 days after the family reports changes in income to the PHA.

Related Resources

- [Income Estimation Tool](#) and [Directions](#)
- [HOTMA Income and Assets Trainings Series](#)



Income Estimation Tool

Keep this page for your records. Use the estimates below to determine if you may qualify for an interim recertification (reexamination) to adjust your monthly payment.

Recertification date:
(month/year)

Family's **annual** income:

If your family qualifies as an elderly or disabled family and has unreimbursed health, medical, or disability assistance expenses of more than a year (10% of your annual income) you may qualify for an income deduction. This deduction may reduce your monthly payment.

If your family qualifies for a hardship exemption and has unreimbursed health, medical, or disability assistance expenses of more than a year (5% of your annual income) you may qualify for an income deduction. This deduction may reduce your monthly payment.

Family's **adjusted annual** income:

If your family's adjusted annual income is anticipated to **increase** by this amount or more, for the 12 months following your recertification you may be required to report the change to your rental office. Your monthly payment may then be adjusted. ➔

\$ 0.00

If your family's adjusted annual income is anticipated to **decrease** by at least this amount for the 12 months following your annual examination, you may report this to the rental office and an interim recertification may lower your monthly payments. (This amount is based on a calculation of of your adjusted annual income.) ➔

\$ 0.00

Note: This is only an estimate.

Call or visit the office if you think your rent may need to be adjusted.

The content of this document, except when based on statutory or regulatory authority or law, does not have the force and effect of law, and is not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

For more information, contact:



Income Estimation Tool

Definitions

Regular Recertification (Reexamination)—Public Housing Authorities (PHAs), owners, or agents that participate in certain HUD programs must conduct a recertification (sometimes called a reexamination) of family income and composition regularly. Generally, recertifications for families in Public Housing paying income-based rent, Housing Choice Voucher, and applicable Multifamily programs must be conducted at least annually. The family must supply certain information. The PHA, owner, or agent will then calculate monthly payments, including any portion the family must pay and any housing assistance payments made to an owner.

Interim Recertification—Families *must* report income in accordance with established policy. PHAs and/or Owners/Agents must conduct an interim recertification when the applicable reported income or deductions change by an amount estimated to result in an increase of 10% or more in annual adjusted income. The PHA may not consider an increase in the family's earned income when estimating or calculating whether their adjusted income has increased, unless the family received an interim reduction during the certification period. A family may request an interim recertification for changes that result in an estimated decrease of 10% or more (or a lesser amount as established by PHA, owner, or agent policy) of their adjusted annual income. It is always best to check with the PHA when your income or deductions change. Examples of changes include:

- *Changes in income including, but not limited to:*
 - » loss of employment
 - » reduction in number of hours worked
 - » obtaining new public benefits, such as TANF
- *Increases in allowed deductions including, but not limited to:*
 - » increased medical expenses
 - » higher or lower child care costs

- *Other changes including, but not limited to:*
 - » changes to the household, such as having a new member move in or someone move out
 - » becoming a full-time student or ending that status (for example, when someone graduates)
 - » becoming a person with a disability

Family's Annual Income is the total family income before any deductions. It may include wages, net business income, unemployment, welfare assistance, social security, and more. The total is calculated by the PHA, owner, or agent, who will clarify the dates of the year-long period.

Adjusted Annual Income is the household income after all **Mandatory and applicable Permissive Deductions** are applied.

Mandatory Deductions include but are not limited to:

- \$480 for each dependent (as of 2023; this amount will be adjusted with inflation);
- \$525 for any elderly family or disabled family (as of 2023; this amount will be adjusted with inflation);
- Eligible, unreimbursed medical expenses of any qualifying elderly or disabled family that exceed 10% of annual income;
- Eligible unreimbursed disability assistance (reasonable attendant care and auxiliary apparatus) expenses for caring for family members with a disability when the expenses allow a family member to be employed
- Reasonable childcare expenses necessary to enable a member of the family to be employed or further their education.



Income Estimation Tool

Directions



This tool is meant to be used to:

- Help PHAs and Owners/Agents estimate if a family's income has likely changed by 10% or more, or in the case of decreases, to a lower threshold as established by PHA or Owner/Agent policy, based on the family's last reexamination of income or expenses.
- Provide the estimated amount (in dollars) and other information to households to help determine when the PHA or Owner/Agent is required to conduct an interim examination (at the request of the family or based on the requirements for increases) due to changes in income or changes in health/medical expenses for families meeting the eligibility criteria.



When to use this tool

Changes in Income

When a tenant recertifies, this tool should be reviewed with them and a copy should be provided so that they know when they should go to the office to see if they qualify for, or the PHA is required to conduct, an interim reexamination for income changes, health/medical deductions, or a hardship exemption.

When a family reports changes, this tool should be used by the PHA or Owner/Agent as a baseline to estimate if the amount of the reported changes meets or exceeds the threshold that would require a full reexamination of income to be completed. If the estimated changes do not meet the threshold, PHAs or Owners/Agents are not required to process an interim. Please note that if there is uncertainty based on the reported changes, PHAs or Owners/Agents may be required to complete all work related to an interim to estimate if the family qualifies.



How to use the tool

After certifying the household's annual income and adjusted annual income:

- Input the date of the recertification, it will adjust to the month and year
- Input the household's annual income
- Input the household's adjusted annual income
- Input the threshold for a recertification based on an income decrease if a lower threshold has been established by policy. The default is set at 10% and must be entered as 10% or lower.
- Input the office contact information and include any available walk-in dates and times
- Review the sheet with the head of household and suggest that they keep it somewhere visible for easy access.



Student Aid and Financial Assistance Resource Sheet

HOTMA mandates the exclusion of earned income for full-time dependent students and the exclusion of certain financial aid for both full and part-time students.

Mandatory Deduction for Full-time Students **24 CFR 5.609(b)(14)**

The earned income of dependent full-time students in excess of the amount of the deduction for a dependent is excluded from income. Since there is a mandatory \$480 deduction* for dependents, the result is that all earned income of dependent students will either be excluded or deducted from income. (*The deduction amount will be adjusted annually for inflation and rounded to the next lowest multiple of \$25.)

Educational Savings Account **24 CFR 5.609(b)(10)**

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

Student Financial Assistance **24 CFR 5.609(b)(9)**

The new rules create two categories of student financial aid. The first category, is any assistance that section 479B of the Higher Education Act of 1965, as amended, requires to be excluded from a family's income, referred to here as, "Title IV HEA Assistance." For public housing residents, all assistance in this category must be excluded from income. See the exception for some Housing Choice Voucher participants below in the final section.

The second category is 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.

Exclusion in both categories apply equally to full and part-time students.

Title IV HEA Assistance **24 CFR 5.609(b)(9)(i)**

Title IV HEA Assistance refers to any assistance that section 479B of the Higher Education Act of 1965, as amended (20 U.S.C. 1087uu), requires to be excluded from a family's income. This includes:

- Bureau of Indian Affairs/ Education student assistance programs. Current examples include:
 - » The Higher Education Tribal Grant, and
 - » The Tribally Controlled Colleges or Universities Grant Program.



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Student Aid and Financial Assistance Resource Sheet

- Student assistance received under Title IV of HEA currently includes, but is not limited to:
 - » Federal Pell Grants
 - » Teach Grants
 - » Federal Work-Study Programs
 - » Federal Perkins Loans

Beginning January 1, 2024, PHAs shall exclude from income amounts received for the forms of assistance listed in the revised version of Section 479B of the HEA. This will expand the forms of excluded income to include:

- Income earned in employment and training programs under section 134 of the Workforce Innovation and Opportunity Act (WIOA), including: **workforce investment activities for adults and workers dislocated** as a result of permanent closure or mass layoff at a plant, facility, or enterprise, or a natural or other disaster that results in mass job dislocation, in order to assist such adults or workers in obtaining reemployment as soon as possible.

Section 479B of the HEA requires that all assistance under Title IV of the HEA as well as Bureau of Indian Affairs student financial assistance, even assistance provided to students in excess of tuition and required fees or charges, be excluded from HUD income calculations. (See the exception for some Housing Choice Voucher participants below.)

Other Student Financial Assistance

24 CFR 5.609(b)(9)(ii)

This category of excluded student financial assistance recognizes that student aid can take a variety of forms and come from a variety of sources.

It seeks to cover student financial assistance, for both full and part-time students, that is **not** included under Title IV of the HEA or under Bureau of Indian Affairs student assistance programs.

To qualify as excluded student financial assistance under this category, the aid must be:

- Used for “actual covered costs”
- Expressly to assist the a student with the costs of higher education; or
- Expressly to assist a student who is not the head of household or spouse, with the reasonable and actual costs of housing while attending the institution of higher education and not residing in an assisted unit;
- A grant or scholarship received from:
 - » The federal government;
 - » A State, Tribe, or local government;
 - » A private foundation registered as a nonprofit under 26 U.S.C. 501(c)(3);



Work Study: Amounts received under work study may only be excluded if provided pursuant to Title IV of the HEA or deducted as earned income if performed by a dependent full-time student (24 CFR 5.609(9)(ii)(B)(2)).

Loans: Loan proceeds for educational expenses, though considered student financial assistance if provided under a loan program in Title IV of the HEA, are not considered student financial assistance in the second category (Student Financial Assistance) but are already excluded from income as a loan (24 CFR 5.609(b)(20)).

Student Aid and Financial Assistance Resource Sheet

- » 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.

The aid 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 as consistent with this section (24 CFR 5.609 (b)(9)(iii)).

Student financial assistance, excluded here, does **not** include:

- Any assistance that is already excluded under Title IV of the HEA
- Financial support provided to the student in the form of a fee for services performed (e.g., a work study or teaching fellowship that is not excluded as Title IV HEA Assistance).
- Gifts, including gifts from family or friends; or
- Any amount of the scholarship or grant that, either by itself or in combination with HEA assistance exceeds the actual covered costs of the student.



Employer Grants: A grant includes a qualified tuition remission, reduction, waiver, or reimbursement (i.e., for costs of tuition, books, and fees, etc. paid for by the student) by the educational institution, such as for an employee of the institution of higher education or an eligible family member of that employee. A grant would also include assistance provided by an employer as part of an employee educational assistance program or tuition reimbursement program.



Actual covered costs of the student are the actual costs of: tuition, books and supplies (including supplies and equipment to support students with learning disabilities or other disabilities), room and board, or other fees required and charged to a student by the education institution, and, for a student who is not the head of household or spouse, the reasonable and actual costs of housing while attending the institution of higher education and not residing in an assisted unit. 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)).

Calculating Exclusions from Both Categories

When the student is receiving assistance that is excluded under both categories, the Title IV HEA Assistance must be applied first. Student Financial Assistance can then be applied to any remaining actual covered costs. Once actual costs are covered, any remaining Student Financial Assistance would be considered income.

Steps:

1. Calculate the “actual covered costs.”
2. Apply the Title IV HEA Assistance.
3. Subtract the actual covered costs from the total amount of Title IV HEA Assistance.
 - a. If the amount of assistance excluded as Title IV HEA Assistance is equal to or exceeds the actual covered costs, none of the assistance included under “Student Financial Assistance”

Student Aid and Financial Assistance Resource Sheet

would be excluded from income. This is because this assistance would no longer be needed to cover actual costs and therefore would not meet the definition of Student Financial Assistance.

- b. If the amount of Title IV HEA Assistance is less than the actual covered costs, go to the next step.
4. Exclude the amount of Student Financial Assistance up to the amount of the remaining actual covered costs (those not covered by Title IV HEA Assistance).

Example 1

Title IV HEA Assistance:	\$26,000
Other Student Financial Assistance:	\$5,000
Actual covered costs:	\$25,000
Excluded income:	\$26,000

Explanation: All assistance under Title IV HEA Assistance must be excluded from income. This exclusion must be taken first. Student Financial Assistance could then cover any remaining actual covered costs. However, since there were no remaining actual covered costs, this assistance would be counted as income.

Example 2

Title IV HEA Assistance:	\$15,000
Other Student Financial Assistance:	\$5,000
Actual covered costs:	\$22,000
Excluded income:	\$20,000

Explanation: All financial assistance (\$20,000) is still less than the student's actual covered costs (\$22,000). Therefore, all financial assistance should be applied.

Example 3

Title IV HEA Assistance:	\$15,000
Student Financial Assistance:	\$5,000
Actual covered costs:	\$18,000
Excluded income:	\$20,000

Explanation: In this case, the student's actual covered costs are only \$18,000. The amount of the scholarship that is considered Student Financial Assistance and excluded from income would be \$3,000. This is because

Student Aid and Financial Assistance Resource Sheet

\$3,000 is the amount by which actual covered costs exceed the assistance excluded as Title IV HEA assistance (\$18,000 - \$15,000). The amount of the scholarship that is in excess of the student's actual covered costs (\$2,000) is not student financial assistance and is not excluded under § 5.609(b)(9)(ii).

Another way to explain this is that, Student Financial Assistance (§ 5.609(b)(9)(ii)) excluded from income is the lower of either:

1. the total amount of scholarships and grants the student received that are not covered by 479B of the HEA or
2. the amount by which the student's actual covered costs exceeds the assistance the student received that is excluded under section 479B of the HEA.

HCV Limitation for Student Assistance in Excess of Covered Costs

Section 479B of the HEA requires that all assistance under Title IV of the HEA and Bureau of Indian Affairs student financial assistance, even assistance provided to students in excess of tuition and required fees or charges, be excluded from HUD income calculations. However, for over 10 years through FY 2022, HUD appropriations have included a provision that for Section 8 students who are age 23 and under or without dependent children any amounts received in excess of tuition and any other required fees and charges shall be considered income. This limitation has been interpreted to apply when the student is the head of household or spouse, but not when the student resides with parents in a Section 8 unit (71 FR 18146). For any funds from a year where HUD's appropriations acts include this limitation, it will apply with respect to Section 8 participants. HUD will notify PHAs if this requirement is removed from the appropriations act.

Student Aid and Financial Assistance Resource Sheet

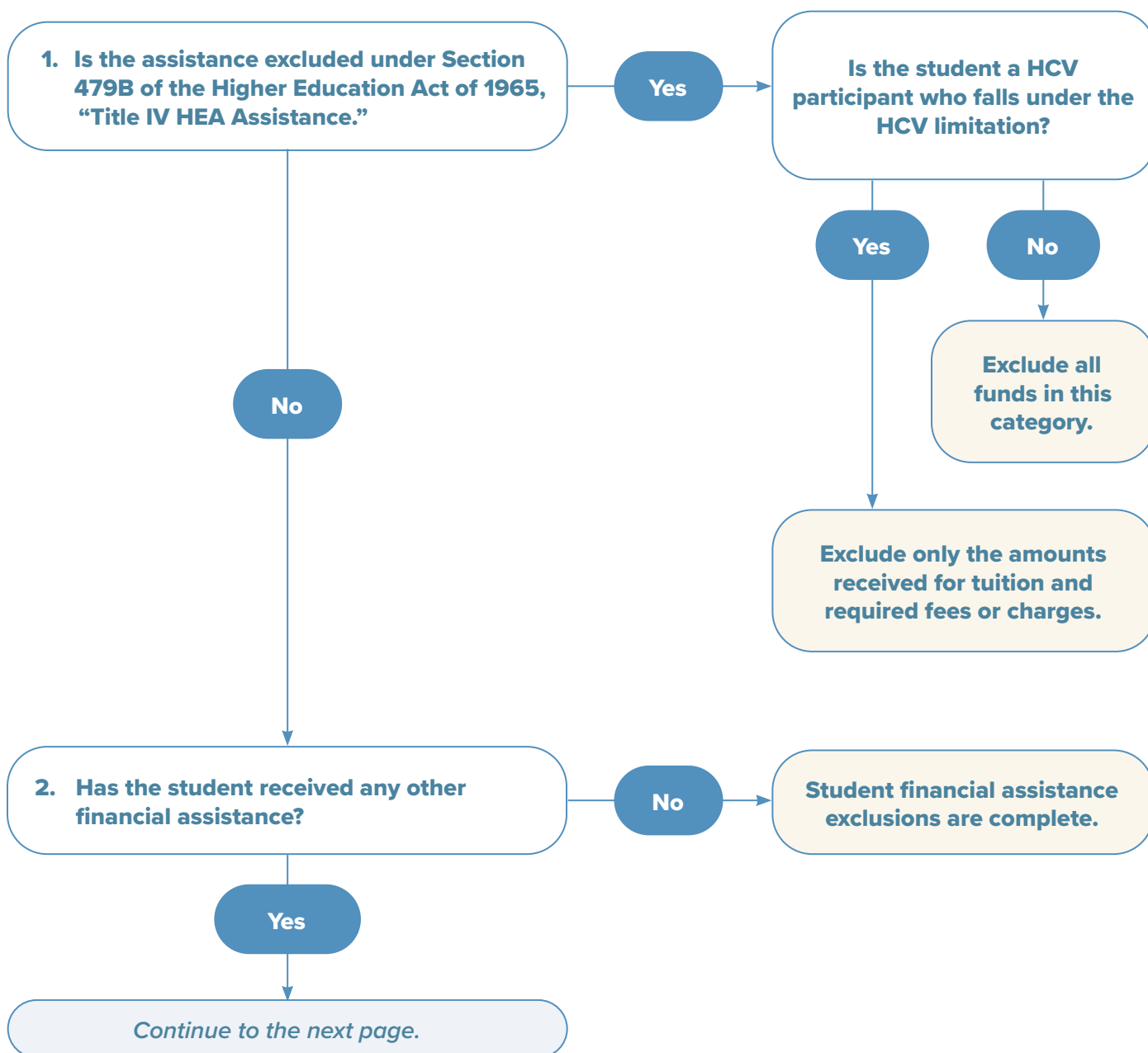
Student Financial Assistance Exclusion Decision Tree

Before going through the decision tree, determine:

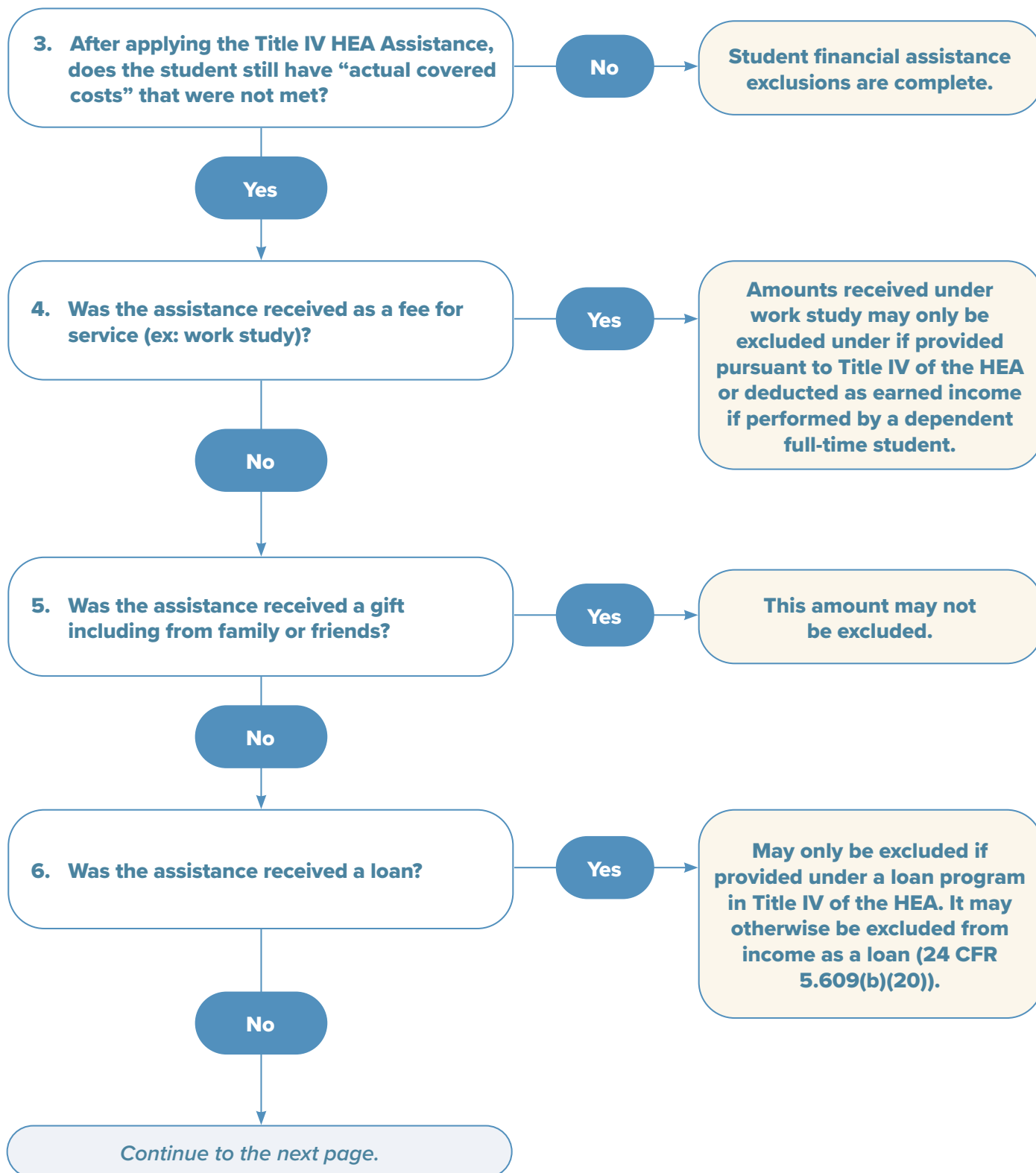
Title IV HEA Assistance:

Other Student Financial Assistance:

Actual covered costs:



Student Aid and Financial Assistance Resource Sheet



Student Aid and Financial Assistance Resource Sheet

7. Does the aid meet the following requirements:

- Expressly to assist a student with the costs of higher education; or
- Expressly to assist a student who is not the head of household or spouse, with the reasonable and actual costs of housing while attending the institution of higher education and not residing in an assisted unit;
- A grant or scholarship received from:
 - » The federal government; a State, Tribe, or local government; a private foundation registered as a nonprofit under 26 U.S.C. 501(c)(3); 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.

Yes

Exclude the amount of Other Student Financial Assistance up to the amount of the remaining actual covered costs (those not covered by Title IV HEA Assistance). After making this exclusion, any remaining funds are considered income.

No

Student financial assistance exclusions are complete.



Health and Medical Expenses & Child Care Expenses

Hardship Exemptions Resource Sheet

This resource is meant for both PHAs and families participating in public housing and the Housing Choice Voucher program (Section 8).

Health and Medical Expense Deduction

New HUD rules allow health and medical expenses exceeding 10% of a family's annual income to be deducted from the amount of a family's income to determine the **adjusted** income which is then used to calculate the rent.

Qualifying expenses are the sum of:

- Unreimbursed health and medical care expenses of any elderly or disabled family; and
- Unreimbursed reasonable attendant care and auxiliary apparatus expenses for each member of the family who is a person with a disability, in order to enable any member of the family, including the person with a disability, to be employed.
 - » This deduction may not exceed the combined earned income of the adult family members who are able to work due to the attendant care or auxiliary apparatus.

Note: *The full text of the rule can be found in the Code of Federal Regulations in section 24 CFR 5.611(a)(3).*

Estimating Qualifying Expenses


HUD has an **Income Estimation Tool** which may be used by the public housing agency (PHA) and families to estimate at what amount of expenses a family would begin to receive a deduction for health and medical expenses.

In the following example, the family earns \$20,000 per year. The tool shows that qualified expenses over \$2000, which is 10% of the family's income, could be deducted in determining the family's adjusted income.



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Hardship Exemptions Resource Sheet



Income Estimation Tool

Keep this page for your records. Use the estimates below to determine if you may qualify for an interim recertification (reexamination) to adjust your monthly payment.

Recertification date: Jan-2024 Family's **annual** income: \$ 20,000.00
(month/year)

If your family qualifies as an elderly or disabled family and has unreimbursed health, medical, or disability assistance expenses of more than \$ 2,000.00 a year (10% of your annual income) you may qualify for an income deduction. This deduction may reduce your monthly payment.

If your family qualifies for a hardship exemption and has unreimbursed health, medical, or disability assistance expenses of more than \$ 1,000.00 a year (5% of your annual income) you may qualify for an income deduction. This deduction may reduce your monthly payment.

Hardship Exemptions to the Health and Medical Expenses Deduction

HUD has also created two categories of hardship exemptions to the new 10% threshold for unreimbursed medical expenses. The exemptions allow for more expenses to be deducted from the family's adjusted income for a limited period of time.

Category 1: Phased In relief for families already receiving a health and medical deduction

The new rule increases the health and medical expense deduction to the amount by which those expenses exceed 10% of the family's annual income. This is an increase from the previous threshold of 3%. Families previously receiving the deduction may see an increase in their non-deductible health and medical expenses, which could result in an increase in their adjusted income and their rent. However, this may be offset by the increased deduction for elderly and disabled families from \$400 to \$525. This hardship exemption phases in the new deduction amount over two years.

Eligibility: As of January 1, 2024, the family must have been receiving a deduction from annual income of qualified health and medical expenses exceeding 3 percent of annual income.

Form and duration of the exemption: Those families experiencing a hardship will have a phase in to the new deduction amount over two years:

- 1st year: PHA deducts eligible expenses exceeding 5% of the family's income.
- 2nd year: PHA deducts eligible expenses exceeding 7.5% of the family's income.

Hardship Exemptions Resource Sheet

- After 24 months this hardship exemption expires. The PHA will deduct expenses exceeding 10% of the family's annual income, unless the family requests and qualifies for a new exemption under category 2.

Category 2: General Financial Hardships

This exemption is for families who can demonstrate a financial hardship due to an increase in their qualified expenses or because of a change that would not otherwise trigger an interim reexamination. For example, a decrease in income or a change in family composition.

Eligibility: A family must demonstrate that their applicable expenses increased or the hardship is a result of a change in circumstances, as defined by the PHA, that would not otherwise trigger an interim reexamination.

This relief is available regardless of whether the family previously received health and medical deductions or is currently receiving, or previously received, a hardship exemption under the first category.

Form and duration:

- The family may receive a deduction of all eligible expenses exceeding 5% of their annual income.
- The exemption ends when the circumstances that made the family eligible for the exemption no longer apply or after 90 days, whichever comes earlier.
- The PHA may, at their discretion, extend the relief for one or more additional 90-day periods while the family's hardship continues.

Category 2 may also include families that qualified under Category 1 but:

- Exhausted that relief (after 24 months), or
- Chose to apply for relief under this category in the 2nd year of receiving a Category 1 deduction. The family would then receive a deduction for their qualifying expenses over 5% of their income instead of those exceeding 7.5% of their income.
- The family will no longer be eligible for a hardship exemption under the first category, even if they had not finished the 24 month period.


Note: The full text of the rule related to these hardship exemptions can be found in the Code of Federal Regulations in section 24 CFR 5.611(c).

Estimating if a family qualifies for a hardship exemption

The **Income Estimation Tool** can also be used to see if a family may be eligible for a hardship deduction. The tool shows the amount of qualified expenses over 5% of the family's income. If the family has a financial hardship making it unable for them to pay the rent and has qualified health and medical expenses over 5% they should speak to the PHA to see if they qualify for a hardship exemption.

Hardship Exemptions Resource Sheet

In this same example, the tool shows that the family would have to have qualified expenses over \$1000, which is 5% of the family's income, to potentially qualify for a hardship exemption.



Income Estimation Tool

Keep this page for your records. Use the estimates below to determine if you may qualify for an interim recertification (reexamination) to adjust your monthly payment.

Recertification date: Jan-2024 Family's **annual** income: \$ 20,000.00
(month/year)

If your family qualifies as an elderly or disabled family and has unreimbursed health, medical, or disability assistance expenses of more than \$ 2,000.00 a year (10% of your annual income) you may qualify for an income deduction. This deduction may reduce your monthly payment.

If your family qualifies for a hardship exemption and has unreimbursed health, medical, or disability assistance expenses of more than \$ 1,000.00 a year (5% of your annual income) you may qualify for an income deduction. This deduction may reduce your monthly payment.

Child Care Expense Deduction

Any reasonable child care expenses necessary to enable a member of the family to be employed or to further his or her education may be deducted from income.

This means that the amount of child care expenses may be deducted from the family's annual income in determining their adjusted annual income and therefore their rent. The expenses that can be deducted cannot exceed the amount of income earned by the person who is able to work due to the childcare.

For example, if childcare costs are \$6000 for the year and the parent who is able to work due to childcare earns \$5000 annually, then \$5000 would be deducted in determining the family's adjusted income.

Note: The full text of the rule can be found in the Code of Federal Regulations in section 24 CFR 5.611(a)(4).

Hardship Exemptions Resource Sheet

Exemption to Continue the Child Care Expense Deduction

A family whose eligibility for the child care expense deduction is ending may request a financial hardship exemption to continue the deduction.

Eligibility: The family must demonstrate that they are unable to pay their rent because of loss of this deduction, and the child care expense is still necessary even though the family member is no longer employed or furthering education.

For example, the parent who was working due to the child care had to leave their job to care for a sick family member. In order to provide this unpaid care they continue to need childcare.

Form and duration of relief:

- Up to 90 days.
- The exemption may be extended, at the PHA's discretion, for additional 90-day periods based on family circumstances.
- The PHA may terminate the hardship exemption if they determine that the family no longer needs it.

PHA Policy: The PHA must have an established policy for determining a family's inability to pay the rent if they request a child care hardship exemption.

Family notification: The family must receive prompt notification in writing of the change in adjusted income and the rent due to the child care hardship exemption, and dates for when the hardship exemption will begin and expire.

Note: *The full text of the rule related to these hardship exemptions can be found in the Code of Federal Regulations in section 24 CFR 5.611(d).*

Related Resources

- [Income Estimation Tool](#) and [Directions](#)
- [HOTMA Income and Assets Trainings Series](#)



Section 103: Over-Income Limits for Public Housing Families Fact Sheet

Section 103 creates new limitations on program participation for families residing in public housing that remain over-income (OI) for 24 consecutive months. After a 24 month grace period, PHA policy may allow OI families to continue to live in a public housing unit paying an alternative rent. If the PHA does not adopt such a policy, the PHA must terminate tenancy of the OI family within six months of the final notification.

The new rules are implemented through two new sections in the public housing regulations: **24 CFR 960.507 Families exceeding the income limit**, and **24 CFR 960.509 Lease requirements for non-public housing over-income families**. Related definitions can be found in 24 CFR 960.102(b).

The provisions implementing section 103 will be effective March 16, 2023. All PHAs must fully implement OI policies no later than June 14, 2023. There are **no exceptions** to the income limitation on public housing program participation.

Over-income (OI) limit: set by multiplying the very low-income level for the applicable area by a factor of 2.4, a limit equal to approximately 120% of the AMI. OI procedures are triggered by **annual or interim reexaminations**. During the reexamination, if the family is determined to be OI, the OI notification process begins.

Over-income (OI) family: families whose income exceeds the OI limit, including families during the grace period or before program termination or execution of a non-public housing over-income lease. These families retain all of their rights and obligations as public housing program participants.

Non-public housing over-income (NPHOI) family: a family whose income exceeds the OI limit for 24 consecutive months and remains in the unit paying the alternative non-public housing rent.

These families must have signed an NPHOI lease and are no longer public housing program participants. NPHOI families may not participate in public housing resident councils or programs for low-income or public housing participants. NPHOI families cannot receive a utility allowance from the PHA, be subject to income reexaminations, or be required to comply with Community Service and Self-Sufficiency Requirements.

Alternative Non-Public Housing Rent: A remaining NPHOI family must be charged a monthly rent equal to the higher of: the applicable fair market rent (24 CFR 888(A)), or the amount of the monthly subsidy provided for the unit (HUD will publish annually).



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Section 103: Over-Income Limits for Public Housing Families Fact Sheet

Falling below OI limit: If the PHA determines (in an interim or regular reexamination) that a family's income has fallen below the OI limit at any time during the 24-month grace period the family will remain public housing program participants and return to regular income reexamination periods. If the family becomes OI again, the PHA begins a new 24-month grace period.

Notices: PHAs must give OI families 3 notices, each within 30 days of the income examination that determines the family is, or remains, OI: at the initial determination of OI status, following the reexamination at the conclusion of the 1st 12 months of the grace period, and at the conclusion of the 24 month grace period.

All notices must be provided in writing and state what actions will be taken as required under the PHA's OI policy in the Admissions and Continued Occupancy Policy (ACOP). If applicable, the notice must include the alternative rent amount. All notices must provide information on the family's right to a grievance hearing.

Policies: PHAs must have a continued occupancy policy detailed in its ACOP to either:

- Require OI families to execute a new NPHOI lease within 60 days of notification and charge the family the alternative non-public housing rent, or
- Terminate the tenancy of the family no more than 6 months after the notification.

PHAs may choose to adopt a waitlist preference for NPHOI families who again become income-eligible for readmission to the public housing program. These families would then reapply. OI families who have vacated public housing are not eligible for this preference.

Reporting: The PHA must submit a report annually that specifies:

- The number of OI families residing in a PHA's public housing as of the end of the calendar year. This report will be pulled by HUD via the form HUD-50058.
- The number of families on the waiting lists for admission to public housing. This information will be submitted through the Operating Fund Web Portal beginning January 1, 2024.

Related Resources:

- [Supplemental Guidance for Implementation of Section 103; Limitation on Public Housing Tenancy for Over-Income Families under the Housing Opportunity Through Modernization Act of 2016 \(HOTMA\)](#)
 - » See Appendix for directions on calculating the OI limit.
- [Implementation of Section 103: Over-Income Limits for Public Housing Families recorded training, presentation, and transcript](#)
- [Sample NPHOI lease](#)
- [Sample OI Notices](#)