

## Included and Excluded Income and Deductions

The following table shows the most typical types of income that are included and excluded in the rent calculation. However, all income must be reported to POAs.

Citation	Inclusions and Exclusions
<p><b>Included as Annual Income, 24 CFR 5.609</b></p>	<ul style="list-style-type: none"> <li>· Wages and earnings. For example a supermarket clerk's total salary, a waiter's total salary and tips; or a salesperson's gross salary and commissions;</li> <li>· Net income from running of a business, for example a landscaper's income after deductions for operating expenses;</li> <li>· Income from assets (if over \$5,000, annual income includes the greater of actual income derived from all net family assets or a percentage of the value using the local market savings rate) for example interest on a savings account;</li> <li>· Regular payments to family members, for example all Social Security payments to any family member, a state employee's pension or retirement, or a widow's insurance benefit;</li> <li>· Payments in the place of earnings such as unemployment benefits, workman's compensation or welfare assistance;</li> <li>· Regular determinable allowances, for example alimony payments, child support payments, or the same amount of money a daughter sends her mother each month;</li> <li>· Pay received by a member of the Armed Services, for example the salary of an army private whose child is living in a unit with the family; and</li> <li>· Assets sold for less than market value or given away two years before the admission of certification date with some exceptions, for example, selling a house to a relative for \$1 when the market value is \$25,000</li> </ul>
<p><b>Excluded from Annual Income, 24 CFR 5.609(c):</b></p>	<ul style="list-style-type: none"> <li>· Wages of children under the age of 18 years living at home, including foster children, for example, a 17-year-old's salary from working at a local fast food restaurant. This income would be excluded even if the individual no longer attends school. Please note, the income of a household head or spouse and unearned income of minors from sources such as Social Security, SSI or welfare benefits is not excluded from income;</li> <li>· Earnings over \$480 for full-time students over 18;</li> <li>· Refunds or rebates of property tax on home;</li> <li>· Payments for student financial assistance paid directly to the student or educational institution;</li> <li>· Lump-sum additions to family wealth, such as an inheritance or insurance settlement/payment (including</li> </ul>

	<p>payments under health and accident insurance and worker's compensation);</p> <ul style="list-style-type: none"> <li>· Lump-sum payments of deferred benefits;</li> <li>· Temporary, non-recurring sporadic income;</li> <li>· Amounts received for reimbursement of medical expenses of any family member</li> <li>· Live-in aide income;</li> <li>· Adoption assistance payments in excess of \$480 per child;</li> <li>· Payments to keep developmentally disabled family members at home;</li> <li>· Payments received for the care of foster children or adults;</li> <li>· Special Armed Forces pay, for example extra pay for service while exposed to hostile fire. This could include extra pay received for peace keeping duty in Kosovo;</li> <li>· A foreign government's reparation payments made to persons persecuted during the Nazi era;</li> <li>· Earnings and benefits from employment training programs funded by HUD;</li> <li>· Incremental earnings and benefits from participation in qualifying state and local employment programs;</li> <li>· Reimbursement and out-of-pocket expenses while attending a public assisted training program; and</li> <li>· Resident services stipends not to exceed \$200/mo. for service to a PHA (if PHA so provides).</li> </ul>
<p><b>New Exclusions in PHRA</b></p>	<ul style="list-style-type: none"> <li>· Stipends to reimburse residents (PH or Section 8) for expenses of serving as members of the PHA governing board or commission</li> <li>· Earned income disallowance for family members: During the first 12 months after commencement of employment of a family member, the PHA disallows 100% of the incremental increase in a family member's income as a result of employment. In the second 12-month period, the PHA disallows 50 % of the incremental increase. The maximum period for disallowance is 48 months</li> </ul>
<p><b>Federally Mandated Exclusions, August 3, 1993 Notice</b></p>	<ul style="list-style-type: none"> <li>· Food stamps</li> <li>· Payments to volunteers</li> <li>· Payments or allowances under DHHS' Low-Income Home Energy Assistance Program</li> <li>· Payments received under programs funded in whole or in part under the Job Training Partnership Act</li> <li>· Federal scholarships</li> <li>· Reimbursement and out-of-pocket expenses while attending a public assisted training program</li> <li>· Child care arranged or provided under the Child Care and Development Block Grant Act</li> <li>· Earned Income Tax Credit refund tax payments</li> </ul>
<p><b>Exclusion for Census Takers, Notice PIH 2000-1 (HA) and</b></p>	<ul style="list-style-type: none"> <li>· Amounts earned by temporary Census employees are specifically excluded from income.</li> </ul>

<b>Memorandum to HUD Directors and Program Center Directors (April 30, 1998).</b>	
<b>Treatment of Income Received from Training Programs, Notice PIH 98-2 (HA), January 1998 and Housing Authority Responsibilities, Notice 98-56 (HA) November 1998</b>	<ul style="list-style-type: none"> <li>· The treatment of amounts received from training programs when determining annual income in assisted housing programs.</li> <li>· A reminder to all housing authorities regarding their responsibilities in implementing the mandatory Training Income Exclusions and reflecting all appropriate training income exclusions when determining tenant annual income and tenant rental charges in the public housing program.</li> </ul>

Tenants are also allowed deductions when POAs calculate rental assistance. The following table illustrates allowable deductions.

Citation	Deductions
<b>Mandatory deductions, 24 CFR 5.611(a)</b>	<ul style="list-style-type: none"> <li>· \$480 for each dependent including full-time students or persons with disability</li> <li>· \$400 for any elderly family or disabled family</li> <li>· The sum of the following to the extent the sum of the following exceeds 3% of annual income: <ul style="list-style-type: none"> <li>· Unreimbursed medical expenses of any elderly family or disabled family</li> <li>· Unreimbursed reasonable attendant care and auxiliary apparatus expenses for disabled family member(s) to allow family member(s) to work</li> </ul> </li> <li>· Reasonable child care expenses necessary for family member to be employed or further his/her education.</li> </ul>
<b>New Deduction from March 29, 2000 Final Rule:</b> <ul style="list-style-type: none"> <li>· <b>Permissive deductions for PHAs only, 24 CFR 5.611(b):</b></li> </ul>	<p>A PHA may adopt additional deductions from annual income if these are established through a written policy. Examples of permissive deductions from the new law include:</p> <ul style="list-style-type: none"> <li>· Excessive travel expenses in an amount not to exceed \$25 per family per week, for employment or education-related travel.</li> <li>· An amount of any earned income of the family, established at the discretion of the public housing agency, which may be based on--all earned income of the family, <ul style="list-style-type: none"> <li>· the amount earned by particular members of the family;</li> <li>· the amount earned by families having certain characteristics; or</li> <li>· the amount earned by families or members during certain periods or from certain sources.</li> </ul> </li> </ul>