



**Your Subrecipient Monitoring  
Training  
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# Subrecipient Monitoring Training Series

## Rent Calculations

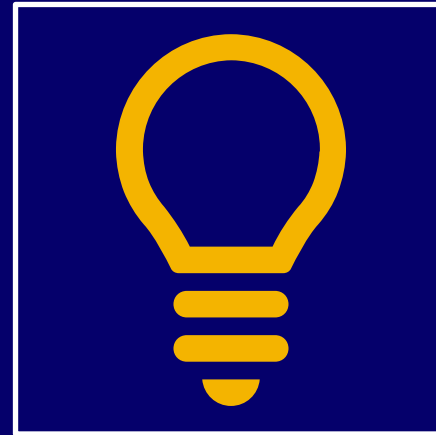
Presented by  
Sacramento Steps Forward

July 2025

# Learning Objectives



Review rent calculation tool and participant rent requirements



Provide details on income exclusions and utility allowances



Increase understanding of requirements to ensure compliance

# Core Rental Terms

# Programs These Terms Apply To

The Continuum of Care (CoC) Program is designed to provide housing and supportive services to people experiencing homelessness. The following information applies to:

## Programs:

- PSH (Permanent Supportive Housing) – Leasing
- PSH (Permanent Supportive Housing)– Rental Assistance
- RRH (Rapid Rehousing) – Rental Assistance
- TH (Transitional Housing) – Leasing
- TH (Transitional Housing) – Rental Assistance

## Housing Assistance Options:

- Rental Assistance Budget Line Item (BLI)
  - Tenant-based Rental Assistance (TRA)
  - Sponsor-based Rental Assistance (SRA)
  - Project-based Rental Assistance (PRA)
- Leasing Budget Line Item (BLI)
- Operating Budget Line Item (BLI)





# Core Rental Terms For Review

**Unit Rent**

**Tenant Rent**

**Rent Reasonableness**

**Fair Market Rent**

**Utility Allowance**

# Unit Rent

- Rent can be paid for a unit to be used to house program participants
- Unit Rent = Contract Rent + Utility Allowance
  - Contract Rent = Monthly rent charged by a private landlord
  - Utility Allowance = Allowance for utilities not included in contract rent that are tenant's responsibility

# Tenant Rent

The amount of money that program participants are allowed to pay toward unit rent as part of project requirements.

- Rent is the terminology used for rental assistance projects
- Occupancy Charge is the terminology used for leasing projects



# Rent Reasonableness

- A “reasonable” rent is a rent that is comparable to other units in similar locations or similar size and which offer similar amenities.
- Must determine that the rent is:
  - Reasonable in relation to rents being charged for comparable unassisted units with similar features and amenities; **and**
  - Not more than rents currently being charged by the same owner for comparable unassisted units.

- Rent reasonableness review form must be on file for each of the following situations:
  - initial inspection and before lease is signed;
  - at renewal of a lease;
  - If, and, when a rent increase is requested and approved;
  - when there is a 5% decrease in the published Fair Market Rent (FMR); or
  - when directed to do so by HUD.

SSF requires subrecipients to use this form unless you have received written permission from SSF to use an alternate form: [FMR Fair Market Reasonableness Calculator](#)

# Fair Market Rent (FMR)

This is established annually by HUD by geographic area and bedroom size.

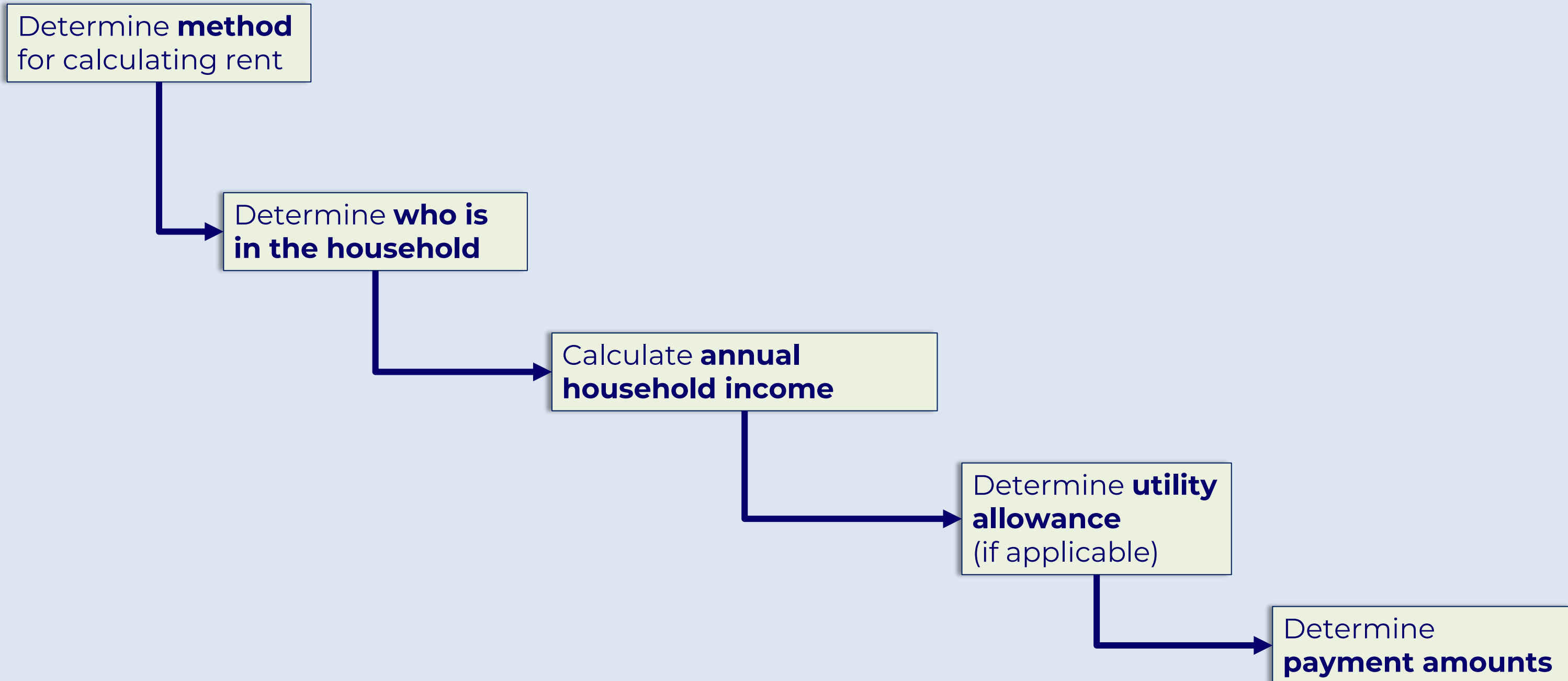
- Reflects the cost of modest rental housing in the area.
- FMR includes rent and utilities.
- FMRs are updated and effective October 1st each year.
- There are differences between the Rental Assistance and Leasing program in the treatment of the FMR – see the [Housing Requirements training](#).

## Relevant Tools

- [FY 2025 Fair Market Rent Documentation System](#)
- [FY 2025 Fair Market Rent \(FMRs\) Documentation System](#)

# Rent Calculation

# Rent Calculation Steps



Document all elements in the process.



# Determine Method: PSH vs. RRH Projects

## **Permanent Supportive Housing (PSH) Projects**

- Must charge tenant rent and follow the requirements to calculate and adjust income
- If tenant has no income, the project can pay the full amount of rent

## **Rapid Rehousing (RRH) Projects**

- Flexible, progressive engagement approach
- Policy with clear guidelines and processes for reassessment, continuation and determining amount of financial assistance.

# Determine Method: Rental Assistance & Leasing PSH Projects

Calculating Tenant Rent	Example
<ul style="list-style-type: none"><li>• Participants must pay the highest of the following:<ul style="list-style-type: none"><li>• 30 percent of monthly adjusted income; or</li><li>• 10 percent of monthly gross income; or</li><li>• Welfare rent (amount of rent that a public assistance agency – like a local welfare office – has determined it will pay on behalf of a family receiving public assistance (welfare) – legacy term, not used currently and applicable only for some old cases.</li></ul></li></ul>	<ul style="list-style-type: none"><li>• <b>30% of monthly-adjusted income = \$78</b></li><li>• 10% of monthly gross income = \$52</li><li>• There is no welfare rent.</li></ul>

# When to Calculate Tenant Rent – PSH Projects

## **Always**

- Initial lease-up
- Annually to be effective on the initial move-in anniversary date

## **As needed**

- Interim certifications

## **For interim recertification, only those factors that have changed must be re-verified.**

- Participants must always report income changes
- Rent/occupancy charge must be recalculated
- HMIS records must reflect change in income

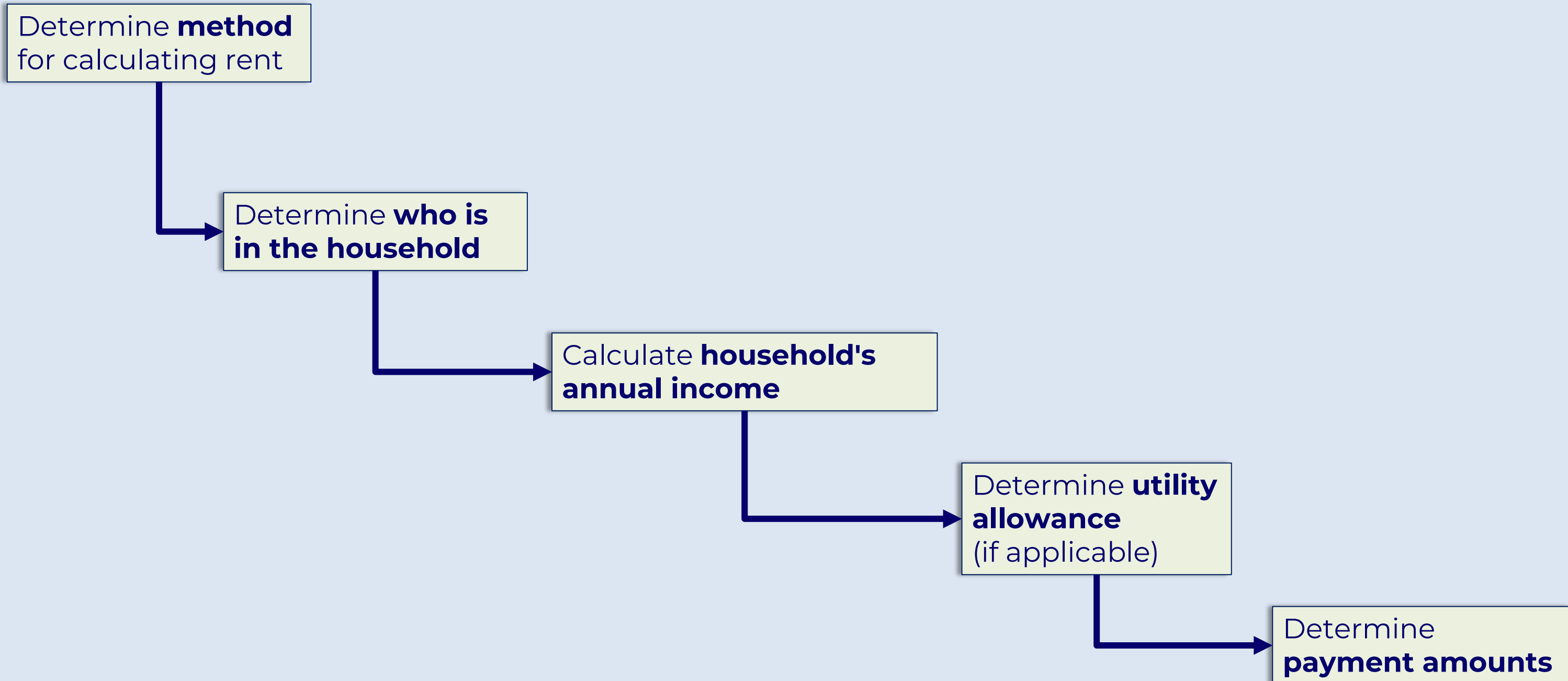
# Annual Recertification Timeline

Action	Due Date
Project sends participant a letter notifying them of annual recertification. The letter includes requested documents and the date due.	90 days prior to the move-in annual date
Participant gathers verification of income and proof of income in her checking account. Participant provides all necessary information to the project.	45 days after notification
Project reviews and determines rent payment. If rent will increase, project gives at least 1 month's advance notice.	60 days after notification
New rent takes effect.	90 days after notification



# PSH Rent Calculation Tool

# Rent Calculation Steps



Document all elements in the process.

# Calculate Household's Annual Income

Income	Monthly	Annually	Documentation Required
<b>Earned income - Gross wages and salaries</b> , including overtime pay, commissions, fees, tips and bonuses, and other compensation <b>prior to payroll deductions</b> for adults 18+.	\$ -	\$ -	Pay stubs; exclude live-in aids, foster adults
<b>Independent Contractor income: Net income</b> received through self-employment or operation of a business. (net income = the amount of money a person earns from their business or freelance work after subtracting allowable business expenses from their gross income). 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.	\$ -	\$ -	Business statements
<b>Day Laborer or Seasonal Worker income: Gross Income</b> received as a Day Laborer or Seasonal Worker.	\$ -	\$ -	Pay stubs, Account statements
<b>Periodic/regular payments</b> from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits. Exclude lump sum payments for delayed/deferred start of a periodic payment.	\$ -	\$ -	Letter(s) from Social Security Administration, account statements, or other official payment confirmation
<b>Payments in lieu of earnings</b> , such as unemployment, <b>disability</b> , worker's compensation and severance pay.	\$ -	\$ -	Letter(s) from Social Security Administration or other official payment confirmation
<b>Welfare assistance</b> , including payments made under other programs funded, separately or jointly, by federal, state, or local governments which are not excluded by Federal Statutes. Includes TANF payments.	\$ -	\$ -	ODJFS printout
<b>Periodic/regular payments or allowances including alimony and child support</b> payments, and regular contributions or gifts received from organizations or persons not residing in the residence	\$ -	\$ -	Account statements or other official payment confirmation

# Calculate Household's Annual Income

<b>Payments in lieu of earnings</b> , such as unemployment, <b>disability</b> , worker's compensation and severance pay.	\$ -	\$ -	Letter(s) from Social Security Administration or other official payment confirmation
<b>Welfare assistance</b> , including payments made under other programs funded, separately or jointly, by federal, state, or local governments which are not excluded by Federal Statutes. Includes TANF payments.	\$ -	\$ -	ODJFS printout
<b>Periodic/regular payments or allowances including alimony and child support</b> payments, and regular contributions or gifts received from organizations or persons not residing in the residence.	\$ -	\$ -	Account statements or other official payment confirmation
<b>Student Financial Aid</b> excess income <a href="https://files.hudexchange.info/resources/documents/HOTMA-Resident-Worksheet-Student-Financial-Aid.pdf">https://files.hudexchange.info/resources/documents/HOTMA-Resident-Worksheet-Student-Financial-Aid.pdf</a>	\$ -	\$ -	Financial Assistance and Cost of attendance documentation; use worksheet to calculate any applicable income (HOTMA rules apply if household DOES NOT have Section 8 or if household DOES have Section 8 but household is over 23 with dependent children. Otherwise Section 8 rules apply.)
Unearned income by or on behalf of each dependent who is under 18 years of age. Exclude foster children.	\$ -	\$ -	Exclude all earned income of all children under the age of 18, including foster children.



# Calculate Household's Annual Income

Imputed returns on net family assets exceeding \$51,600 - add in E19 the value of the asset that needs applied the passbook rate (adjusted annually using the CPI-W). Imputed returns are based on the current passbook savings rate (0.45%, increased from 0.4%) as determined by HUD. (Note: if it is possible to calculate actual returns for an asset, that amount should be recorded as income in the row below). <a href="https://files.hudexchange.info/resources/documents/HOTMA-Resident-Worksheet-Assets.pdf">https://files.hudexchange.info/resources/documents/HOTMA-Resident-Worksheet-Assets.pdf</a>	\$ -	\$ -	If it is possible to calculate actual returns from an asset, that amount must be used. 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 income for the asset must be imputed based on the current passbook savings rate, as determined by HUD. <b>2025 Inflation Adjusted Asset Amount is \$51,600</b>
Interest, dividends, and other net income of any kind from real or personal property. Income that can be calculated from any assets, including those noted above should be included here.	\$ -	\$ -	Account statements and calculations showing interest rates applied to various assets.
All regular pay, special pay, and allowances of a member of the Armed Forces (except Hostile Fire pay).	\$ -	\$ -	Account statements
Any earned income tax credit to the extent it exceeds income tax liability.	\$ -	\$ -	IRS documentation
Gross Income	\$ -	\$ -	

# Calculate Household's Annual Income - Deductions

Deductions	Number	Deduction	Documentation Required
<b>Dependents</b> , including household members under the age of 18, elderly dependents, handicapped, disabled, or full-time students, <b>but not the family head, spouse or foster children or foster adults</b> . Deduction of \$480.	0	\$ -	Birth certificate(s)
<b>Elderly or disabled family member</b> - any family whose head, spouse, or sole member is at least 62 years of age OR is handicapped/disabled. <b>Deduction per family, maximum deduction of 1</b> . Deduction of \$525.	0	\$ -	Certification of disability or Social Security letter for disabled family members; birth certificate for elderly family members. This information should match what is in HMIS.
<b>Reasonable monthly child care expenses</b> anticipated during the year for children 12 years of age and under that enable a household member to work, seek employment, or further education. Cannot exceed the amount of income received from work and cannot be paid to another member of the household. Only expenses not reimbursed from any other sources are allowed.	0	\$ -	Basis or method for estimating anticipated monthly expenses. Capped at earned income.
<b>Unreimbursed reasonable attendant care</b> (provided by a non-household member) and auxiliary apparatus expenses for each member of the family who is a person with a disability, to the extent necessary 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 were able to work.	n/a	\$ -	Basis or method for estimating anticipated expenses In excess of 10% of family income. Phased-in 5% in year 1, 7.5% in year 2 <a href="https://files.hudexchange.info/resources/documents/Hardship-Exemptions-Resource-Sheet.pdf">https://files.hudexchange.info/resources/documents/Hardship-Exemptions-Resource-Sheet.pdf</a> Use the income estimating tool to assess the 10% in medical expenses or 5% hardship exemptions. <a href="https://files.hudexchange.info/resources/documents/Income-Estimation-Tool.pdf">https://files.hudexchange.info/resources/documents/Income-Estimation-Tool.pdf</a>
<b>Unreimbursed reasonable medical expenses and assistance for elderly or disabled family member</b> anticipated during the period. <b>If deductions are taken on this line for medical expenses, the deduction on row 27 must also be taken</b> . Only expenses not reimbursed from any other sources are allowed.	n/a	\$ -	Basis or method for estimating anticipated expenses In excess of 10% of family income. Phased-in 5% in year 1, 7.5% in year 2 <a href="https://files.hudexchange.info/resources/documents/Hardship-Exemptions-Resource-Sheet.pdf">https://files.hudexchange.info/resources/documents/Hardship-Exemptions-Resource-Sheet.pdf</a> Use the income estimating tool to assess the 10% in medical expenses or 5% hardship exemptions. <a href="https://files.hudexchange.info/resources/documents/Income-Estimation-Tool.pdf">https://files.hudexchange.info/resources/documents/Income-Estimation-Tool.pdf</a>
Disabled and/or elderly expenses calculation*	\$ -	\$ -	\$ -
	Monthly	Annually	
Adjusted Income	\$ -	\$ -	

\*The worksheet assumes 2025 is year 1 implementation and as such uses the 5% phase-in rate. 2026 will use the 7.5% phase-in rate and 2027 the 10% rate.

# Rent Calculation Form

Tenant Rent Calculation					
10% of monthly gross income	\$ -				
30% of monthly adjusted income	\$ -				
Allowable Monthly Rent	\$ -				
Maximum Utility Allowance (from utility tab)	\$ -	Fill out the <b>utilities tab</b> <u>ONLY IF</u> utilities are not included in the rent and are paid by the tenant			
Maximum Allowable Monthly Rent	\$ -				

Apartment - Walk-Up Unit Utility Allowance							
UNIT TYPE: Apartment/Walk-Up (exp 4/30/2026)							
							PROPOSED UNIT
UTILITY	0 BR	1 BR	2 BR	3 BR	4 BR	5BR	
<b>Gas</b>							
Heating	21	25	29	33	37	40	
Cooking	6	6	10	12	16	18	
Water Heating	12	14	20	26	34	40	
Watter Heating Bottle Gas	7	8	12	14	17	21	
<b>Electric</b>							
Heating	12	14	18	21	25	29	
Cooking	6	7	11	14	18	21	
Water Heating	15	17	22	27	32	37	
Other Electric	24	28	39	50	61	73	
Monthly Electric	26	26	26	26	26	26	
<b>Air Conditioning</b>	12	14	20	25	31	36	
<b>City Water/Sewer/Trash</b>	116	116	119	121	125	129	
<b>Range/Microwave/Refrig</b>	23	23	23	23	23	23	
					TOTAL GAS		-
					TOTAL ELECTRIC		-
					AIR CONDITIONING		-
					TOTAL WATER/SEWER/TRASH		-
					TOTAL UTILITIES		-

# Income Calculation



# Determining a Household's Annual Income

- Determine Household Composition
- Apply Annual Income definition and method for calculating income
  - Whose income to count
  - Types of income to count (including asset income)
- Adjust Income using allowable deductions





# HOTMA

## (Housing Opportunity Through Modernization Act of 2016)



- Based on HUD training on the US Housing Act of 1937 revisions on Sections 102 and 104, the HOTMA changes are as follows:
  - **Section 102** - changes requirements related to income reviews for public housing and Housing Choice Voucher (HCV) programs
  - **Section 104** - sets maximum limits on the assets that families residing in public housing and HCV assisted housing may have

# Income Changes

New definition of “income” — defined broadly with enumerated exceptions.

The Earned Income Disregard is being phased out. Income deductions are changing.

Health and medical expense deduction may be taken for expenses over 10% of annual family income. This change will be phased in over 2 years.

There is a general hardship for health and medical expenses and a hardship exemption for childcare expenses.





# Income Definition (24 CFR 5.609(a))

- All amounts, not specifically excluded, received from all sources by each household member who is:
- 18 years of age or older or
- The head of household or spouse of the head of household (any age)

## Plus

- Unearned income by or on behalf of each minor dependent
- Actual income from assets
- Imputed return on assets over \$50,000
- Foster children and foster adults living in the household are **no longer counted as family members**
  - Do not count in household size for income limit purposes
  - Do not include their income and assets
  - Treat as live-in aide



# Rent Reasonableness (RR) Timing & Recordkeeping

**Must do RR test before signing a lease**

**Must have written policies & procedures for documenting comparable rents**

**Must be reviewed and documented annually**





## Definitions (24 CFR 5.100; 5.609(b)(24) and 603 (b))

**Earned Income:** Income or earnings from wages, tips, salaries, other employee compensation, and net income from self-employment.

**Day Laborer:** 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.

**Independent Contractor:** An individual who qualifies as an independent contractor, instead of an employee, under IRS federal income tax requirements and whose earnings are subject to the self-employment tax.

**Seasonal Worker:** An individual who is hired for a short-term position where employment begins about the same time each year. Typically, they are hired to address seasonal demands.

# Income Inclusions

\* According to HUD guidance, “family” members are counted for income limit purposes. “Household members are all authorized occupants of a unit.

Post HOTMA, live-in aides and foster children and adults are part of the household, but not the family.

\*\* Changed by HOTMA from “yes”

“Family” Members *	Earned Income Counted?	Unearned & Asset Income Counted?
Head, Spouse, and/or Co-head	Yes	Yes
Other Adult Household Member	Yes	Yes
“Family” Dependents *		
Child Under 18	No	Yes
FT Student over 18 (not head, co-head, or spouse)	Yes <i>Up to the current dependent deduction ***</i>	Yes
Temporarily Absent Household Member	Yes	Yes
Person permanently living in a care facility	This is a Household decision	
Non-Family “Household” Members *		
Live-In Attendant	No	No
Foster Adults and Children	No **	No **
Guests	No	No

# Adjustment Factors

- **HUD added an annual inflationary adjustment factor**
  - The factors to calculate income will change every year.
- **HUD will publish notice every September as to the adjusted rate(s)**
  - Industry will have until January to implement.
- Imputed asset income threshold
- Non-necessary personal property inclusion threshold
- Asset self-certification threshold
- Elderly household deduction
- Deduction for dependents
- Limit on earned income for adult full-time students
- Limit on adoption assistance payments
- Passbook savings rate

# Adjustment Factors at Start of HOTMA

Adjusted Item	Regulation	Implementation Notice Section	Amount at the start of HOTMA	Rounding Methodology	Applicable Programs
<b>Asset eligibility restriction</b>	<b>24 CFR 5.618 (a)(1)(i)</b>	<b>Attachment A</b>	<b>\$100,000</b>	<b>Nearest dollar</b>	<b>HUD subsidy programs</b>
Imputed asset income threshold	24 CFR 5.609 (a)(2) & (b)(1)	Attachment F	\$50,000	Nearest dollar	HUD programs   LIHTC   HOME   NHTF
Non-necessary personal property inclusion threshold	24 CFR 5.603(b) Net family assets	Attachment F	\$50,000	Nearest dollar	HUD programs   LIHTC   HOME   NHTF
Asset self-certification threshold	24 CFR 5.618(b)(1)	Attachment F	\$50,000	Nearest dollar	HUD programs   LIHTC   HOME   NHTF
<b>Elderly household deduction</b>	<b>24 CFR 5.611(a)(2)</b>	<b>Attachment C</b>	<b>\$525</b>	<b>Next lowest multiple of \$25</b>	<b>HUD programs   HOME, when rent is based on adjusted income</b>
<b>Deduction for dependents</b>	<b>24 CFR 5.611(a)(1)</b>	<b>Attachment C</b>	<b>\$480</b>	<b>Next lowest multiple of \$25</b>	<b>HUD programs   HOME, when rent is based on adjusted income</b>
Limit on earned income for adult full-time students	24 CFR 5.609 (b)(14)	Attachment G	\$480	Next lowest multiple of \$25	HUD programs   LIHTC   HOME   NHTF
Limit on adoption assistance payments	24 CFR 5.609 (b)(15)	Attachment G	\$480	Next lowest multiple of \$25	HUD programs   LIHTC   HOME   NHTF
Passbook savings rate	24 CFR 5.609 (a)(2) & (b)(1)	Attachment F	.4%	NA	HUD programs   LIHTC   HOME   NHTF



# Income Exclusions (5.609(b)(24))

**Generally, all income is included unless it is specifically excluded.**

- “Non-recurring” income is excluded: Income received in the previous year that will not be repeated based on information provided by the family.
- Examples:
  - Payments from the U.S. Census Bureau for employment lasting no longer than 180 days
  - Direct federal or state payments for economic stimulus or recovery
  - State or federal refundable tax credits or tax refunds
  - Gifts for holidays, birthdays, or other significant life events or milestones
  - Non-monetary, in-kind donations, such as food, clothing, or toiletries
  - Lump-sum additions to net family assets, including but not limited to lottery winnings
- All payments by 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.





# Income Exclusions (5.609(b)(2) and 5.609(b)(17))

- Certain payments to allow individuals with disabilities to live at home – no change if the family already received such payment that was excluded from income
  - Requirement that these payments offset the cost of services or equipment has been eliminated.
- Any distributions of a trust's principal, regardless of the form of the trust.
- Distributions of income on the trust's principal used to pay the costs of health and medical care expenses for a minor are also excluded.
- Payments related to aid and attendance for veterans under 38 U.S.C. 1521.



# Income Exclusions

- Income from employment of children (including foster children) under the age of 18 years
- Payments received for the care of foster children or foster adults (usually individuals with disabilities; unrelated to the tenant family, who are unable to live alone)
- Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal property or property losses
- Amounts received by family, that are specifically for, or in reimbursement of, the cost of medical expenses for any family member
- Income of a live-in aide as defined in Section 813.102
- Amounts received under training programs funded by HUD
- Amounts received by a disabled person that are disregarded for a limited time for purposes of SSI income eligibility and benefits because they are set aside for use under a Plan for Achieving Self-Support (PASS)
- Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program
- A resident service stipend
  - A modest amount (not to exceed \$200 per month) received by a resident for performing a service for the owner, on a part-time basis, that enhances the quality of life in the development - fire patrol, hall monitoring, lawn maintenance, etc



# Income Exclusions

- Compensation from state or local employment training programs and training of a family member as resident management staff.
  - Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for a limited period as determined in advance
- For all initial determinations and reexaminations of income carried out on or after April 23, 1993, reparation payments paid by a foreign government pursuant to claims filed under laws of that government by persons who were persecuted during the Nazi era
- Earnings in excess of \$480 for each full time student 18 years old or older (excluding the head of household and spouse)
- Adoption assistance payments in excess of \$460 per adopted child
- Deferred periodic payments of SSI income and social security benefits
- Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling
- Amounts specifically excluded by any other federal statute from consideration as income
  - The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017(b)); Payments to volunteers under the Domestic Volunteer Service Act of 1973 (43 U.S.C. 5044, 5058); Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626); Income derived from certain sub marginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e); Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f)); Payments received under programs funded in whole or in part under the Job Training Partnership Act (29 U.S.C. 1552(b))

# Income Exclusions

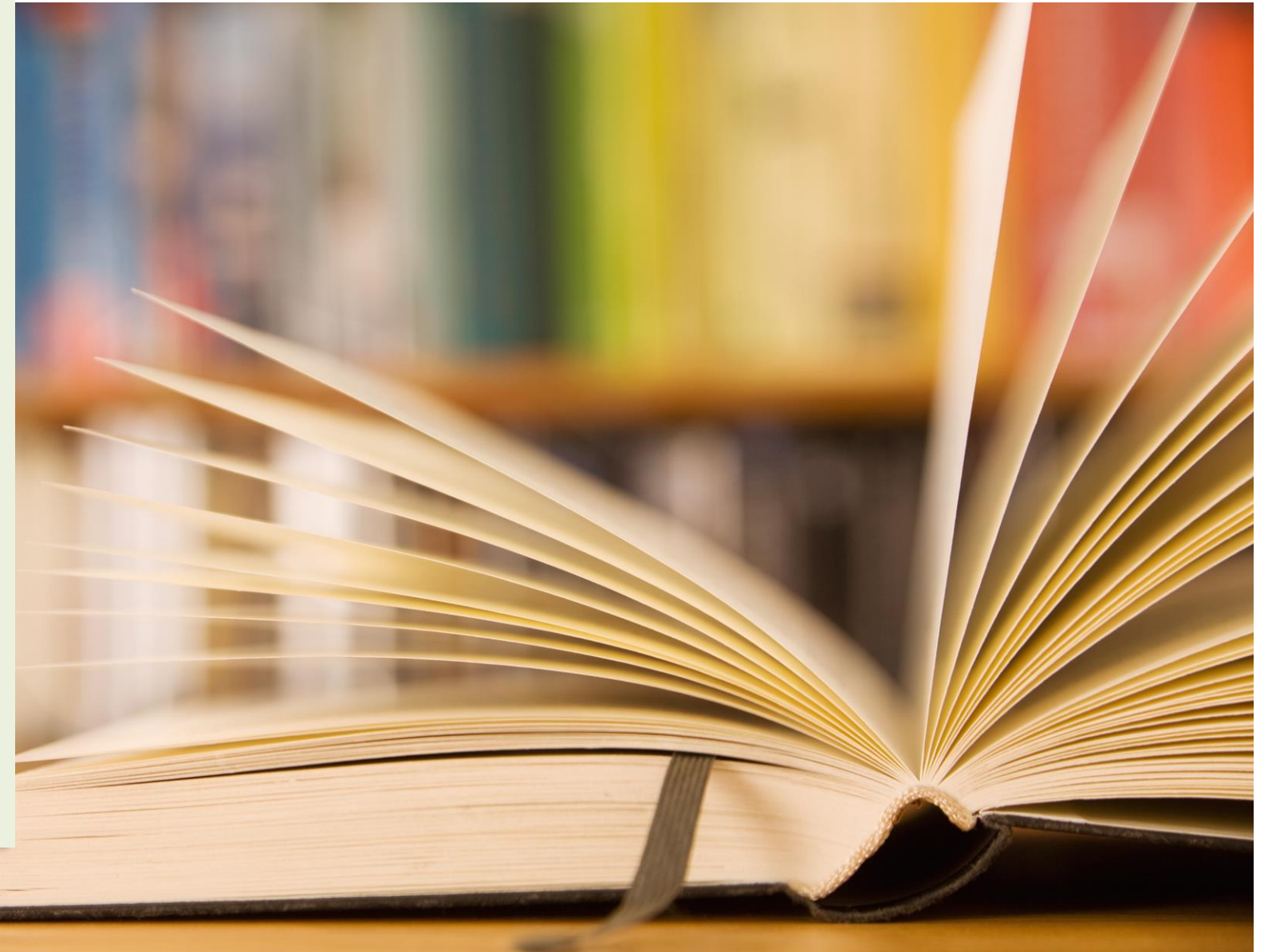
- Income derived from the disposition of funds of the Grand River Band of Ottawa Indians (Pub.L.94-540, 90 Stat. 2503-2504)
- The first \$2,000 per development shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims (25 U.S.C. 1407-1408) or from funds held in trust for an Indian tribe by the Secretary of Interior (25 U.S.C. 117)
- Scholarships funded under Title IV of the Higher Education Act of 1965 including awards under the Federal Work-Study program or under the Bureau of Indian Affairs student assistance programs that are made available to cover the costs of tuition, fees, books, equipment, materials, supplies, transportation, and miscellaneous personal expenses of a student at an educational institution (20 U.S.C. 1087uu)
- Payments received from programs funded under Title V of the Older Americans Act of 1965 (U.S.C. 3056 (f))
- Payments received after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.)
- Payments received under Maine Indian Claims Settlement Act of 1980 (Pub.L. 96-420, 94 Stat. 1785)
- Earned income tax credit refund payments received from the Internal Revenue Service on or after January 1, 1991. Payments may be received in a resident's regular pay or as a single sum payment
- Payments received as AmeriCorps Living allowances (29 U.S.C. Sec. 1552)
- Payments received under the WIC-Supplemental Food Program for Women, Infants, and Children. Payments received under the National School Lunch Program (42 U.S.C. 175-176)
- Payments received under the Child Nutrition Act (42 U.S.C. 1771-1778)
- Payments received under the Child Care Block Grant Act of 1990

# Income Exclusions 24 CFR 5.609(b)(9)(i) and (ii))

## Two categories of excluded student financial assistance:

Any assistance that section 479B of the Higher Education Act of 1965, as amended, requires to be excluded from a family's income.

All assistance in this category must be excluded from income. (For HCV program participants, amounts in excess of tuition and required fees are **not** excluded for head of household, co-heads, or their spouses, 23 or under, or who do not have dependent children.)





# Income Exclusions 24 CFR 5.609(b)(9)(i) and (ii))

- Other Student Financial Assistance. This assistance may be excluded provided it is:
  - For the actual costs of tuition, books and supplies (including supplies and equipment to support students with disabilities), room and board, and other fees required and charged to a student by a higher education institute, including the reasonable and actual costs of housing while attending the institution of higher education and not residing in an assisted unit expressly for a student who is not the head of household or spouse.
  - 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; or an institution of higher education.
- The student financial assistance exclusion applies to both part-time and full-time students.
  - Student financial assistance assists the family with actual educational expenses.
  - Assistance is limited to costs required and charged to the student by the school.



# Earned Income Disregard

- HOTMA **eliminated** the Earned Income Disregard
- EID will be available only to families that are eligible for and already participating in the program on the effective date of the final rule; no new families may be added.
  - Families may continue receiving the benefits of EID until the allowed time frame expires. Within 2 years from the effective date of the final rule implementation (01/01/26), no family will receive the EID benefit.
- Families eligible to receive the Jobs Plus Earned Income Disregard pursuant to the FY2022 NOFO or earlier may continue to receive the disregard under the terms of the NOFO.

[Link: Income and Income Exclusions Resource Sheet](#)



# Student Financial Aide

## Pre HOTMA Regulation

Jennie is a 20-year-old student applying for a unit and she does **NOT** receive Section 8 assistance. Jennie receives student financial assistance to attend college.

Since Jennie does not receive Section 8 assistance, **ALL** of her student financial assistance **is excluded** from income.

## HOTMA New Regulation

Jennie is a 20-year-old student applying for a unit and she does **NOT** receive Section 8 assistance. She receives student financial assistance to attend college.

Any amounts of student financial assistance, not covered under the Higher Education Act (HEA), that exceeds the actual costs of attending school must be included as income.

# Student Financial Aide

## Pre HOTMA Regulation

Jean is a 24-year-old student who applies for a unit with her husband, Tom and their 1 daughter. They do **NOT** receive Section 8 assistance. Jean receives student financial assistance to attend college.

Since Jean's household does not receive Section 8 assistance, all student financial assistance is excluded.

## HOTMA New Regulation

Jean is a 24-year-old student who applies for a unit with her husband, Tom and their 1 daughter. They do **NOT** receive Section 8 assistance. Jean receives student financial assistance to attend college.

Any amounts of student financial assistance, not covered under the HEA, that exceed the actual costs of attending school must be included as income.



# Student Financial Aide

## HOTMA Excluded

- Federal Pell Grants
- Federal Work Study Programs
- Teach Grants
- Federal Perkins Loans
- Higher Education Tribal Grant
- Assistance received under the Bureau of Indian Education
- Tribally Controlled Colleges or University Grant Program
- Employment training program under section 134 of the Workforce Innovation and Opportunity Act (WIOA)

## HOTMA included in actual income

**Grants or scholarships in excess of “actual covered costs” received from:**

- Federal Government
- A state, Tribe or local government
- A private foundation registered as a nonprofit
- A business entity (such as a corporation, joint venture) or
- An institution of higher education

**Fee for service:**

- Work study
- Teaching Fellowship
- Gifts



# Student Financial Assistance

Let's practice...

- A student, who does not receive Section 8 assistance, receives the following in student financial assistance:
  - \$15,000-Scholarship under the HEA
  - \$5,000-Private Scholarship not covered under HEA
- Student's actual covered costs: **\$22,000**

**Step 1: Subtract the amount of HEA assistance from the actual covered costs.**

$\$22,000$  (actual Covered Cost) -  $\$15,000$  (HEA Assistance) =  $\$7,000$

**Step 2: Subtract the amount determined in Step 1 (actual covered costs exceeding HEA assistance) from the Non-HEA Assistance**

$\$5,000$  (Non-HEA Assistance) -  $\$7,000$  (Step 1 amount) = **-\$2,000**

As the amount of the scholarship combined with the assistance excluded under HEA (\$20,000), is less than the student's actual covered costs (\$22,000). **No student financial assistance will be included.**

# Student Financial Assistance

Let's practice...

A student, who does not receive Section 8 assistance, receives the following in student financial assistance:

- \$15,000-Scholarship under the HEA
- \$5,000 Private Scholarship not covered under HEA
- 500 gift from Aunt Lois, received twice a year
- Student's actual covered costs: **\$18,000**

**Step 1: Subtract the amount of HEA assistance from the actual covered costs.**

$\$18,000$  (Actual Covered Costs) -  $\$15,000$  (HEA Assistance) =  $\$3,000$

**Step 2: Subtract the amount determined in Step 1 from the Non- HEA assistance**

$\$5,000$  (Non-HEA assistance) -  $\$3,000$  (Step 1 Amount) =  $\$2,000$

- The recurring gift from Aunt Lois is NOT considered student financial assistance but will be INCLUDED in income.
- As the student's assistance is more than the actual covered costs, the excess of  $\$2,000$  **must be included** when determining income.

# Student Financial Assistance

Let's practice...

A student, who does not receive Section 8 Assistance, receives the following in

- student financial assistance:
- \$25,000-Scholarship under the HEA
- Student's actual covered costs: **\$18,000**

Since the only form of student financial assistance received is covered under the HEA, **the entire amount of the above scholarship is excluded from income**, even though the assistance exceeds the actual covered cost.

**If the household receives Section 8 assistance, follow the Pre-HOTMA REGULATONS to calculate income, if any.**



# 1. Please answer the poll

For a public housing participant:

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

**1. How much total student financial assistance would be excluded?**

**2. How much should count as income?**



## 2. Please answer the poll

**Which of these would likely be recurring, and therefore included as income:**

- a. Outreach work for the 10-year census
- b. Seasonal work as a snowplow driver
- c. Tax credits
- d. Lottery or other contest winnings





### 3. Please answer the poll

Sam received a check from his father every month.

This amount should be \_\_\_\_\_ from the calculation of Sam's household income.

He also received an occasional monetary gift from his grandmother. This amount is \_\_\_\_\_ in the income calculation.

**Utility Allowance**

# Understanding Utility Allowance

**Utility Allowances must consider all possible types and combinations of tenant-paid utilities that might come up when leasing units (e.g., gas heat, electric heat, oil heat, gas hot water, electric hot water, trash removal, etc.) and all possible types of housing units (e.g., apartments, single family homes, duplexes, etc.).**

**Recipients/Subrecipients must obtain a utility allowance schedule from the local Public Housing Agency that covers the area of the unit.**

**The local Public Housing Agency must establish and maintain a Utility Allowance schedule for all tenant-paid utilities (except telephone).**

**\*Utilities exclude telephone and cable.**

**The Utility Allowance from the PHA should be within one year of the current date unless PHA only does it every two years.**

# Utility Allowance – SHRA

Type	Resource
Apartment/Walk-Up	<a href="#">Sacramento, CA-S8 HCV UA Update Study-Nov 2024.pdf</a>
Detached House	<a href="#">Sacramento, CA-S8 HCV UA Update Study-Nov 2024.pdf</a>
Energy Efficient Detached House	<a href="#">Sacramento, CA-Energy Efficient UA Update Study-Nov 2024.pdf</a>
Energy Efficient Multi-Family Apartment/Townhouse/Duplex	<a href="#">Sacramento, CA-Energy Efficient UA Update Study-Nov 2024.pdf</a>
Row House Townhouse Semi-Detached Duplex	<a href="#">Sacramento, CA-S8 HCV UA Update Study-Nov 2024.pdf</a>



# Sample Utility Allowance

Type of Tenant-Paid Utility	1-Bedroom Duplex Utility Allowance
Oil heat	Not applicable
Gas heat	Not applicable
Electric heat	\$40
Electricity for lights	\$20
Gas hot water	Not applicable
Domestic hot water (oil)	Not applicable
Electric hot water	\$20
Total Utility Allowance	\$80

# Impact of Utility Allowance on Subsidy Payment

	Unit #1	Unit #2
Rent of unit	\$1500	\$1500
Utilities included in rent	No	Yes
Tenant share of rent equal to 30% of income	\$150	\$150
Allowance for tenant-paid utilities	\$80	N/A
Tenant share of rent (adjusted for any utilities paid to owner)	\$70	\$150
<b>Rental assistance paid to landlord</b>	<b>\$1500</b> <b><u>-\$70</u></b> <b>\$1430</b>	<b>\$1500</b> <b><u>-\$150</u></b> <b>\$1350</b>

# Paying the Utility Allowance

Where a utility reimbursement is owed to the program participant, this amount is paid to the Utility Company on Behalf of the Program Participant.

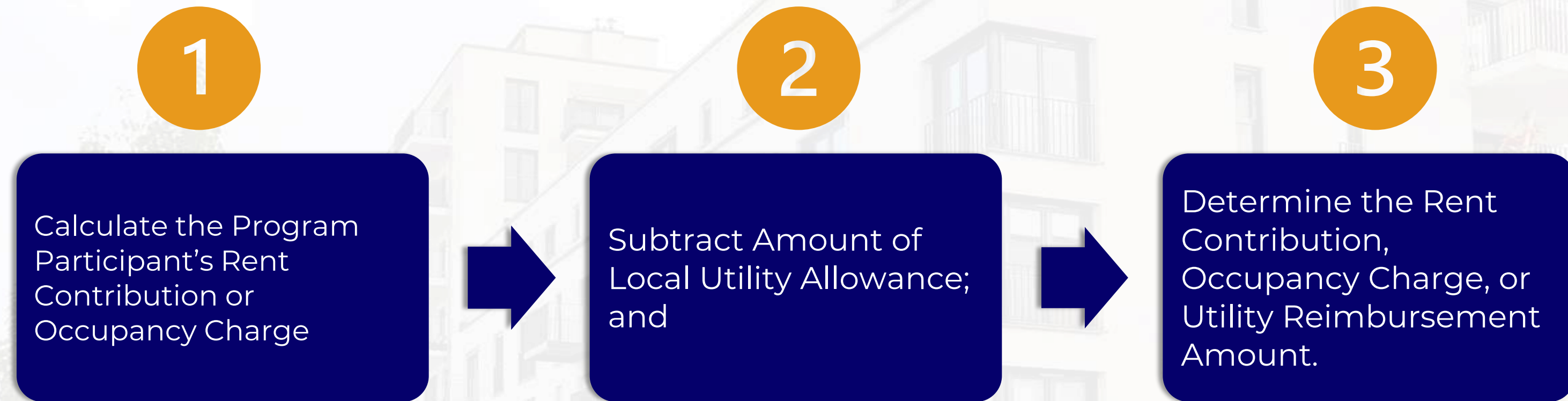


The subrecipient must have the permission of the program participant and notify the program participant in writing of the amount paid to the utility company (to allow the program participant to pay any outstanding amounts).



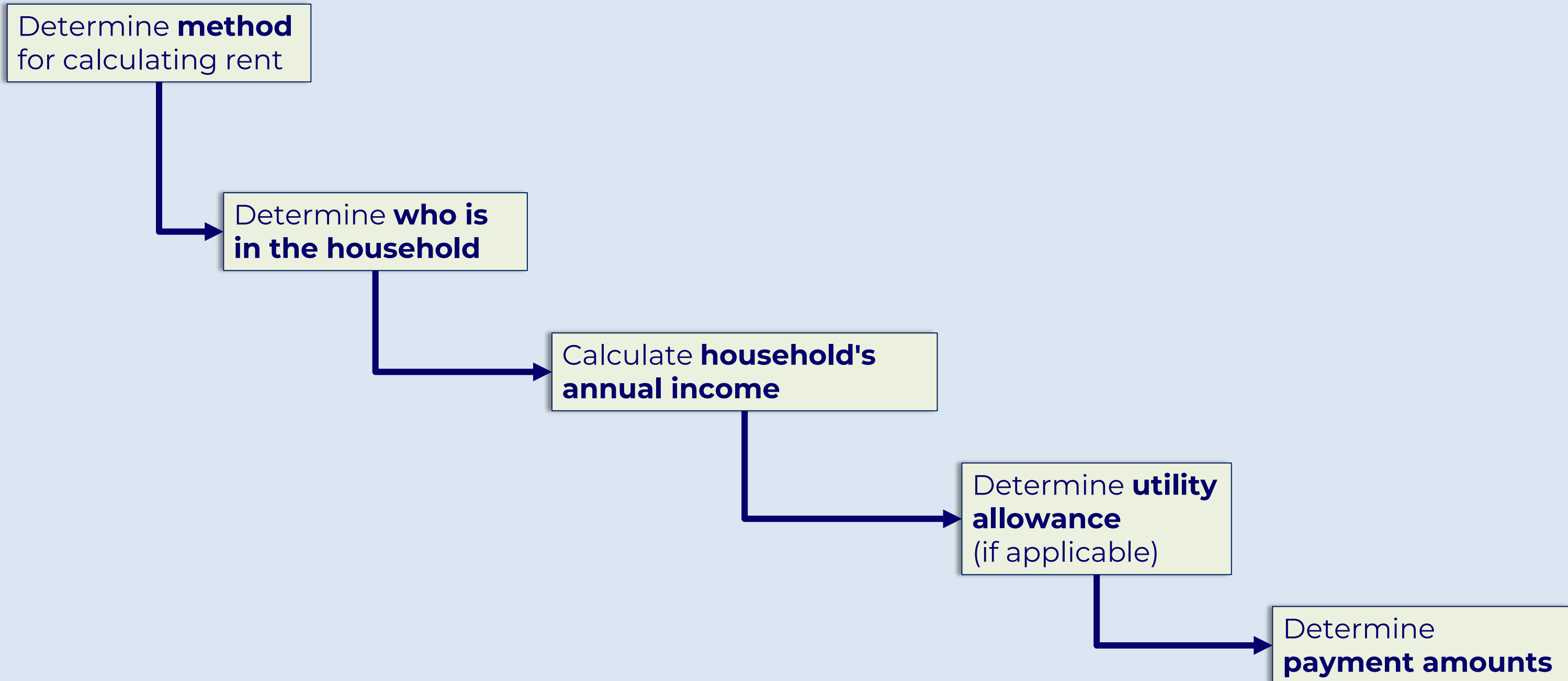
Must maintain records of the program participant's permission to pay the utility company directly and the notification(s) to the program participant of the amount(s) paid on their behalf.

# Calculating Utilities





# Rent Calculation Steps



Document all elements in the process.

# Determining Payment Amount

**Utilize the rent calculation tool to determine tenant and project portion of unit costs:**

- Tenant payment portion (TTP –total tenant payment)
  - $(\text{Household monthly adjusted - deductions}) * 30\% - (\text{utility allowance}) = \text{tenant portion payment}$
- Project payment portion (Subsidy payment or HAP -housing assistance payment)
  - $\text{Rent} - \text{TTP} = \text{subsidy payment}$

# Q&A

**Do you have any questions?**

# Thank You

## Please complete the brief exit survey.

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SACRAMENTO CONTINUUM OF CARE

July 2025



SACRAMENTO  
STEPS FORWARD