HOTMA Resident Fact Sheet: Income Calculation and Reviews

This fact sheet is for families who live in public housing or have Housing Choice Vouchers from Section 8 (HCV). There are new rules on the way income is counted because of a federal law, the Housing Opportunity Through Modernization Act of 2016 (HOTMA). Your local public housing agency (PHA) will start using these rules by January 1, 2025. Your PHA will tell you before the changes begin. This fact sheet is not official or required by HUD or your PHA.

Rules from HUD explain what counts towards your yearly income which is used to figure out your rent. New rules change what money should be **included** and **not included** as part of your income. Once the PHA determines your income, they adjust it by taking out the deductions your family qualifies for. **These changes might affect how much rent you pay, but your rent, or subsidy amount (HCV), will still be based on 30% of your monthly adjusted income.** Adjusted income is what's left after the PHA takes out certain income and costs from your yearly family income. In the HCV program, you may pay more than 30% of your monthly adjusted income if the gross rent is higher than the PHA's payment standard.

Income Calculations

Your family's **income** includes money that your family members who are 18 years old or older make from work (earned income). It also includes money that comes in for any family member, including kids under 18, (unearned income) and income from the assets you own.

Examples of earned income (not included for kids under 18 years old):

- Money from a job like wages, salaries, tips, or other payments.
- Money you make from your own business.
- Money you earn as a day labor, doing seasonal work, or as an independent contractor.

Examples of unearned income (from all family members):

- Government benefits like Temporary Assistance for Needy Families (TANF), social security, or disability payments.
- Any money you get regularly from a pension or annuity.
- Child support payments.
- Income from assets, such as stocks, bonds, or other financial investments.

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In general, all income is **included** in your calculation unless the rules say that it should not be. Examples of common sources of income that are **not included:**

- Money you get from a one-time job (temporary employment).
- State or federal tax refunds, credits, or economic stimulus payments.
- Gifts for special occasions like holidays or birthdays.
- Donations like food, clothing, or toiletries from a food bank or similar organization.
- Certain payments that help people with disabilities live at home.
- Financial aid or money for school, including educational savings accounts. You can find more information on the **HOTMA Resident Worksheet: Student Financial Aid**.
- Money you get for taking care of foster children or foster adults.
- Money earned by children under the age of 18, including foster children.

For a full list of sources of income **not included** as part of your family's income calculation, see the **HOTMA Income and Income Exclusions Resource Sheet**.

Also, if you pay for childcare and/or medical expenses, you may be eligible for extra deductions. For more information, please see the **HOTMA Resident Fact Sheet: Health, Medical, and Childcare Deductions**.

Interim Reviews

If your income, or the people who live with you, changes between your yearly reviews, talk to your PHA as soon as you can. If your PHA thinks that your income will change by more than 10% (up **or** down), you **might** have to do an interim review before your next yearly review. (Your PHA might say "reexamination" or "recertification" instead of review).

- **Change in the household: Always report changes on who is living with you!**
- **Income decrease:** An interim review will be done if your income goes down by 10% or more from the amount at your last yearly review. Some PHAs will have a rule to do an interim review for smaller income decreases, like 5%.
- **Income increase:** Under the new rules you only need an income review for increases in unearned income of 10% of more. You generally do not need an interim review for an increase in **earned income** (including wages, tips, and salary). Instead, an increase in earned income will be counted at the next regular review. However, there are exceptions so you should check with your PHA.

Be sure to report any changes in income as soon as they happen. Reporting on time might mean you pay less rent sooner. If you report on time, you could start paying a lower rent the next time the rent is due or get 30 days' notice if you have to pay more. Reporting late could mean you have to back pay the rent increase. Since different PHAs have different rules, always check with your PHA when the people who live with you change, or your income changes.

For related resources see:
hudexchange.info/programs/hotma/hotma-income-and-assets/#resident-resources

HOTMA Resident Fact Sheet: Health, Medical, and Childcare Deductions

This fact sheet is for families who live in public housing or have Housing Choice Vouchers from Section 8. There are new rules for deductions because of a federal law, the Housing Opportunity Through Modernization Act of 2016 (HOTMA). Your local public housing agency (PHA) will start using these rules by January 1, 2025. Your PHA will tell you before these changes begin. This fact sheet is not official or required by HUD or your PHA.

Overview

You generally pay 30% of your **adjusted** income as rent. This can be more in the HCV program if your rent is greater than the PHA's payment standard. Adjusted income is what's left after the PHA takes out certain income and costs from your yearly family income. These are called deductions. This fact sheet covers changes to common deductions.

Medical Expenses: Previously, if you were eligible and spent more than 3% of your yearly income on certain medical expenses, you received an income deduction. The PHA would deduct the amount you spent on those medical expenses above 3% of your income. ***New rules change this to 10%, meaning that fewer medical expenses will be deducted and your portion of the rent could increase.*** To help families, this change will be made over two years. Also, a new hardship deduction allows families who cannot pay rent due to a hardship to deduct more medical expenses for a time.

Childcare Expenses: Previously, childcare costs were only deducted from your income if they allowed a family member to work, look for work, or go to school. The new rule **adds** a hardship exemption for families who still need childcare but are not in work or school. If you qualify, childcare expenses can continue to be deducted from your annual income calculation.

Health and Medical Expense Deduction

The new rules require that qualifying health or medical expenses over 10% of your family's yearly income be deducted from your annual income total. This lowers your adjusted income and your rent.

There are two types of qualifying expenses:

1. Health and medical care expenses of elderly or disabled families.
2. Reasonable attendant care and equipment expenses for family members with a disability. Equipment can include expenses for things like a wheelchair or an assistance animal. The care or equipment must

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allow a family member, including the person with a disability, to work. The amount deducted is capped at the amount earned by the person who was able to work.

Expenses that are reimbursed, for example by your insurance, do not qualify.

If you have qualifying expenses over 10%, you likely qualify for a deduction. If you have qualifying expenses over 5% (but less than 10%) and are unable to pay the rent, talk to your PHA. You may qualify for a hardship exemption. You can use the **Income Estimation Tool** to see what amount of expenses would exceed 5% and 10% of your income.

Example

Total annual income:	$20,000
10% of annual income:	$2,000
Qualifying expenses:	$3,000
Minus the 10% threshold of	$2,000

= $1,000 reduction in your adjusted income (the amount over 10% of your income)

Hardship Exemptions to the Medical Expenses Deduction

HUD established two hardship exemptions for the new 10% threshold on medical expenses. The exemptions allow more expenses to be deducted for a limited time.

Category 1: Phased in Relief

If you previously had a deduction for medical expenses over 3% of your income, your adjusted income and your rent could increase under the new rules. To help, this increase will happen over two years.

- **1st year:** PHA will deduct eligible expenses over 5% of your family's income.
- **2nd year:** PHA will deduct eligible expenses over 7.5% of your family's income.
- **3rd year:** PHA will deduct eligible expenses over 10% of your family's income. You might also qualify for the new general hardship deduction.

Category 2: General Financial Hardship

- If your family is struggling to pay rent and you do not qualify for an interim income review, you may qualify for a general hardship exemption. For example, you might qualify if your family had a small decrease in income, a change in who lives in the home, or more medical expenses.
- If so, you will get a deduction for all eligible expenses over 5% of your yearly income.
- The exemption ends when the hardship ends or after 90 days, whichever comes first.
- Your PHA's rules might allow 90-day extensions while the hardship continues.
- This deduction is available at any time.
- During year 2 of the phase-in, if you have a hardship and choose to use this exemption, qualifying expenses over 5% of your income are deducted (instead of 7.5%). Once this period ends, only expenses over 10% would be deducted.

Childcare Expense Deduction

New HUD rules add a hardship exemption for some families who need childcare but are not working, looking for work, or in school.

To qualify, your family must:

- Already be receiving the childcare deduction.
- Show that you cannot afford rent without the deduction and that the lack of childcare would cause hardship.

For example, if you needed childcare to work but had to quit your job to care of a sick family member and still need childcare.

Exemptions are granted for 90-day periods. Your PHA's rules might allow 90-day extensions while the hardship continues.

Related Resources

- **Income Estimation Tool and Directions**
- **HOTMA Income and Assets Training Series**
- **Hardship Exemptions Resource Sheet**
- **Examples of Medical Expenses That Are Deductible and Nondeductible**

HOTMA Resident Fact Sheet: Asset and Real Property Limitations

This fact sheet is for families who live in public housing or have Housing Choice Vouchers from Section 8 (HCV). There are new rules that limit the assets and property that families can have when applying to and, in some cases, participating in these housing programs. The new rules are based on a federal law, the Housing Opportunity Through Modernization Act of 2016 (HOTMA). Your local public housing agency (PHA) will start using these rules by January 1, 2025. Your PHA will tell you before the changes begin. This fact sheet is not official guidance or required by HUD or your PHA.

New rules from HUD (the Department of Housing and Urban Development) say that families living in public housing and participating in the housing choice voucher program (HCV or Section 8) cannot have more than **$100,000*** worth of net family assets. Also, participating families may not own a home that they could live in. **There are notable exceptions to these rules!**

These new rules apply to **all new applicants** to public housing and Section 8. PHAs must deny applicants with assets or property that are over the limit.

PHAs can decide on a policy for how they will apply the rules to **existing residents** at annual and interim reviews. Through a written policy, the PHA can chose to:

- Not enforce the limits at all for existing residents.
- Strictly enforce the limits.
- Enforce the limits but allow residents time to come into compliance.
- Have exceptions to the limits.

Most families will not be impacted by the asset limitation rules. If you're not sure, ask your PHA if these new rules apply to you.

Assets

Assets refer to anything valuable you own, such as jewelry, stocks, tools, artwork, or a vehicle. A common asset is real property (real estate), such as land or housing. "Net family assets" refers to the cash value of all assets owned by the family, after subtracting any money you owe on the assets and any reasonable costs that you would have to pay to sell them. Although the new rules say that you can only have assets up to

** As adjusted annually for inflation.*

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$100,000* in value, there are many things that HUD has excluded. Anything that's excluded is not counted toward the net family assets total.

Some common examples of assets that are **excluded** from the total limit of $100,000* include:

- **Necessary items.** Items you need to keep up, use, and live in your home or that you need for work, education, or health. This might be a car that you use to get to work, an expensive medical device, or a laptop you use for school. Whether a specific item is considered "necessary" will depend on the family's circumstances. HUD has provided guidance in **Notice PIH 2023-27**.
- **Non-necessary items of personal property, if the combined total value is not more than $50,000*.** Examples include: a recreational boat, coin collection, or antique jewelry. This will include most assets you own that are not a home (see the section below) or a necessary item. To get this exemption, the total value of all these items must be $50,000* or less.
- **Retirement accounts.** This covers IRS-recognized retirement plans, such as an IRA, 403(b), or 401(k). The value of the account is not included as an asset.
- **Educational savings accounts.** This includes IRS-recognized educational savings and tuition accounts, as well as any "baby bonds" programs funded by federal, state, or local governments.
- **Interest in Indian trust land.** Interest in land held in a trust by the Bureau of Indian Affairs cannot be counted towards the asset limitations.
- **Tax refunds and credits for 12 months after they are received.** This includes the Earned Income Tax Credit (EITC).
- **Equity in a home owned through the HCV homeownership program**, or a manufactured home when the family receives HCV assistance to rent the space.
- **Property that you cannot legally sell.** This could include property that is the subject of a legal dispute.

Certification: If the assets you own add up to less than **$50,000***, including land or property, your PHA may accept a self-certification when you move-in and two out of every three years. Not all PHAs will accept a self-certification. If your PHA does allow self-certification, you will need to certify that your assets do not exceed $50,000* and share how much income you expect to earn from those assets. Regardless of your PHA's policy, they must fully verify your family assets at least once every three years, using third-party documentation. Some PHAs will fully verify assets every year.

You can use the **Assets and Real Property Limitations Worksheet** to help you determine the value of your assets.

Real Property

The new rules state that residents may not own property that is "suitable" for them to live in, with some exceptions. This is separate from the $100,000* net family assets limitation. If you own a property that you **cannot** live in, its value may still be included in your net family assets (explained above).

Several factors affect whether a house is suitable to live in. If you cannot live in the home, then owning it will not affect your eligibility for the housing program, unless the value puts you above the asset limit.

** As adjusted annually for inflation.*

A property may **not be suitable** for your family to live in if it:

- Is unsafe because of its condition (unless the issues can be easily fixed).
- Does not meet the disability-related needs of your family. For example, the house has too many stairs or is not close to public transportation.
- Is in a location that would cause hardship. For example, the house is located too far from your work or school.
- Is not big enough for your family.
- Is not a home you are legally allowed to live in. For example, a building in an area zoned for commercial use only.

The limit on owning a home does not apply if you:

- Get assistance for that home under the Housing Choice Voucher Program.
- Co-own that home with someone who lives in it (and that person is not part of your family in the housing program).
- Are currently selling the home.
- Are a victim of domestic violence, dating violence, sexual assault, or stalking. (This includes any member of your family.)

What happens if your PHA finds that your assets value more than $100,000* or you own a home that you could live in?

The answer depends on which written policy your PHA has related to the asset and property limits.

If your PHA strictly enforces the limit: You will no longer be able to participate in the public housing or HCV program. If you do not move, the PHA will start the termination or eviction process. Depending on your PHA's policy, they may wait up to 6 months before beginning the termination process.

If your PHA offers an option to fix the issues (cure): Some PHAs will enforce the limits but will allow families up to 6 months to come into compliance. That means you will have 6 months to fix the issue so that you are no longer over the asset or property limit. How you do this will depend on what assets or property you have. You may be able to transfer money to an account that is not included as an asset (like a retirement account) or sell your home. Contact your PHA for their specific rules.

If your PHA does not enforce the limit: Some PHAs will have a policy to not enforce the asset and real property limits. In that case, being "out of compliance" with this rule will not affect you. However, the PHA will still need to ask about and calculate the value of your assets.

Exceptions: As a part of their policy, your PHA can establish exceptions to the asset and property limits based on certain traits like age, disability, or income. For example, your PHA might have a strict enforcement policy, except for families that are considered extremely-low income. For those families, the PHA could have a policy to not enforce the asset limits.

For related resources see:
hudexchange.info/programs/hotma/hotma-income-and-assets/#resident-resources

** As adjusted annually for inflation.*

HOTMA Resident Worksheet: Asset and Real Property Limitations

This worksheet is for families who live in public housing or have Housing Choice Vouchers from Section 8 (HCV). There are new rules that limit the assets and property that families can have when applying to and, in some cases, participating in these housing programs. The new rules are based on a federal law, the Housing Opportunity Through Modernization Act of 2016 (HOTMA). Your local public housing agency (PHA) will start using these rules by January 1, 2025. Your PHA will tell you before the changes begin. This worksheet is not official guidance or required by HUD or your PHA.

Use this worksheet to organize information related to your assets and to understand if the new asset limitations will affect your family.

Background

New HUD rules state that families living in public housing and housing choice voucher programs (Section 8) may not have over $100,000* worth of assets. Also, participating families may not own a home that they could live in. There are notable exceptions to these rules.

These new rules apply to **all new applicants** to public housing and Section 8. PHAs must deny applicants with assets or property that are over the limit.

PHAs can decide how they will apply the rules to **existing residents** at annual and interim reviews. Through a written policy, the PHA can choose to:

- Not enforce the limits at all for existing residents.
- Strictly enforce the limits.
- Enforce the limits but allow residents time to fix any issues.
- Have exceptions to the asset limitation.

Most families will not be impacted by the asset limitation rules. If you're not sure, ask your PHA if these new rules apply to you.

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Calculate your Assets

Step 1. Enter the dollar value of any non-necessary personal items. If you do not know the exact value of a given item, give your best estimate, but try to be as accurate as possible. Assets for a business (including self-employment) should not be included.

Non-necessary items of personal property include: bank accounts, a recreational boat, coin collection, or antique jewelry. This will include most assets that are not a home (which will be in another section) or a necessary item.

If the value of all of your family's non-necessary personal items are not more than $50,000*, they are excluded from your assets. That means, you will not include them when adding up your net family assets. In this case, depending on the PHA policy, you may be able to self-certify your non-necessary personal assets.

Necessary items are excluded from asset calculations and therefore do not need to be listed or added up.

Necessary items: Items you need to keep up, use, and live in your home or items that you need for work, education, or health. This might be a car that you use to get to work, an expensive medical device, or a laptop you use for school. Whether a specific item is considered "necessary" will depend on the family's circumstances. HUD has provided guidance in **Notice PIH 2023-27**.

Non-necessary personal items	Value in U.S. Dollars
Checking account(s)	$
Savings account(s)	+ $
Stocks, bonds, investment accounts, trusts *Exclude: IRS-recognized retirement accounts such as 401k or IRA, education savings accounts (529, 530, Coverdell), ABLE accounts, non-revocable trusts*	+ $
Expensive jewelry without religious or cultural value *Exclude: wedding rings and jewelry used in religious / cultural traditions*	+ $
Recreational vehicles such as a boat, ATV, or camper.	+ $
Vehicles not necessary for commuting, such as a motorcycle that you do not use for work or school.	+ $
Other: *Example: collectibles (e.g. coins, stamps), items such as gems/precious metals, artwork*	+ $
Other:	+ $
Other:	+ $
Subtract tax returns from the last year	- $
TOTAL VALUE OF NON-NECESSARY ITEMS *Exclude: funds from a tax return received in the last 12 months*	= $ 0.00 ***Value 1***

** As adjusted annually for inflation.*

*To access more resources related to HOTMA, visit: **www.hudexchange.info**.*

Step 2. Add up the value of all of the non-necessary personal items above.

If the total, **Value 1 (above), is equal to or less than $50,000* then Value 2 (below) is $0.** (This is because when a family's total non-necessary personal items are not more than $50,000*, they are not included in calculating net family assets.)

If Value 1 is **more than $50,000***, put the total amount (Value 1) in the Value 2 box below.

Step 3. Enter the value of any real property (a home, building, or land) that any member of your household owns. Add this to Value 2 and put the new total in Value 3.

Total Net Assets	Value in Dollars
Total Value of Non-Necessary Items *Enter $0 if Value 1 is $50,000* or less, or the amount in the Value 1 box.*	$ ***Value 2***
Real property (land and/ or a building). ***Subtract the mortgage/other loans and costs to sell.*** *Exceptions: Property that you cannot legally sell, interest in Indian trust land, or equity in a home owned through the HCV homeownership program.*	+ $
TOTAL NET ASSETS	= $ 0.00 ***Value 3***

Step 4. Determine if you are likely over the asset limit. Look at Value 3.

If the total net value of your assets is equal to or less than $100,000* you are not at risk of being terminated from the program. You may need to show documentation to your PHA about certain items. The PHA may accept self-certification of certain facts (such as total non-necessary personal items being valued under $50,000* and that you do not own any real property).

If the total net value of your assets is above $100,000* and your PHA enforces this limitation, you may no longer be eligible for continued assistance. Your PHA may allow you up to 6 months to fix things so that you are not over the limit. And, your PHA may have a policy that includes exceptions to the asset limitation.

Coming into compliance

If your PHA determines at an annual or interim reexamination that your assets total more than $100,000* or that you own a home you can live in that does not qualify for one of the exceptions, your PHA may allow you to take steps to come into compliance. Check with your PHA to see if they allow time for you to fix any issues.

You can reduce your net total assets below $100,000* by purchasing a necessary item. For example, you may be able to purchase a car to use for everyday transportation. Assets could also be moved to a type of account that is not included in determining the limit. For example, you might transfer money into an eligible retirement account. Or you may move funds into an irrevocable trust for the benefit of someone in your family.

** As adjusted annually for inflation.*

Be aware that selling or giving away an asset for less than it is worth (below its fair market value) is not a useful strategy for following the new rules. For two years from when you sold or gave away that asset, your PHA will include the fair market value minus the amount you received as part of your net family assets. For example, if you have a boat that is worth $10,000 and sell it to your friend for $1,000, the PHA will include $9,000 as part of your net family assets in addition to the $1000 (unless the money was spent on a necessary item or put into an excluded account).

If you currently own real property that your family could live in, you may also be ineligible for continued assistance. You might be able to come into compliance and avoid losing your assistance by showing that you either no longer own the property or that it should now be excluded (for example, it is now being offered for sale). For more information on the new rules around owning real property and what exclusions apply, please see the **HOTMA Resident Fact Sheet: Asset and Real Property Limitations**.

HOTMA Resident Worksheet: Interim Reviews

This worksheet is for families who live in public housing or have Housing Choice Vouchers from Section 8. It goes with the HOTMA Resident Fact Sheet: Income Calculation and Reviews. There are new rules for interim reviews because of a federal law, the Housing Opportunity Through Modernization Act of 2016 (HOTMA). Your local public housing agency (PHA) will start using these rules by January 1, 2025. Your PHA will tell you before these changes begin. This worksheet is not official or required by HUD or your PHA.

What is an interim review?

In an interim review the PHA looks at changes in your household since your last review. The review may look at who lives with you, what you own, how much your family earns, and any costs or money that should not be included in calculating your rent. These reviews are done to make sure you remain eligible for your housing and/or might change your rent amount. Your PHA may call this a "reexamination" or a "recertification." The PHA will ask you about any changes in your income and assets. However, unlike yearly reviews, they will only check the changes.

You can ask for an interim review if something changes in your family between yearly reviews. When you ask, the PHA might tell you that a review is not needed. Usually, if your income changes by 10% or more, they will do an interim review.

Let's Talk About Reporting Changes

Your PHA rules will tell you when you need to report changes. If you report a change, it might not always lead to an interim review.

What kinds of changes should you tell the PHA about:

- **Household changes:** Always tell the PHA if someone moves in or out of your home, even if they are not part of your family.
- **Income:** You might not have to report small income changes. If you're not sure, ask the PHA about their rules.
- **Deductions:** Changes to your household's allowed deductions, like medical or childcare expenses, may affect your rent. The PHA will explain when you need to report these changes.

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When should you tell the PHA about changes:

Your PHA will tell you how much of an income change requires telling them and how soon you should do it. It's a good idea to let them know **as soon as possible**. Reporting on time can mean a sooner rent decrease or more notice for a rent increase.

How to Use the Worksheet

Use this worksheet to figure out if you might need an interim review and what to bring to your meeting with the PHA. Read the parts that match your situation. If you're not sure, talk to your PHA when something in your family changes. The sections are:

A. Family Composition Change Worksheet
B. Decrease in Income Worksheet
C. Increase in Income Worksheet
D. Change in Deductions Worksheet

Next Steps

1. If you're unsure about reporting a change or need an interim review, ask your PHA.
2. If the worksheet shows you need an interim review, report the change on time.
3. The PHA will check if an interim review is needed and, if so, do it within about 30 days.
4. The table below shows when, if needed, a rent change will take effect.

Income increase or decrease	Did you report on time?	Effective date of new rent
Decrease	Yes	1st day of the month after the event
Decrease	No	1st day of the month after the review (PHA ***may*** allow retroactive decrease)
Increase	Yes	1st day of the month after 30 days' notice
Increase	No	Retroactive to 1st day of the month after event

A. Family Composition Change Worksheet

Background

Always let your PHA know if someone joins or leaves your household even if your annual income doesn't change. This includes additions like births, adoptions, or someone else moving in—*even if they are not a member of your family*. Also, report if someone moves out or passes away. The PHA might require a background check for new residents.

1. **Did your family experience any of the following (check all that apply):**

   An addition to the household:

   ☐ Birth / adoption

   ☐ Foster child / adult

   ☐ Adult (Age 18+)

   ☐ Other dependent

   ☐ Elderly (Age 62+) / disabled family member

   ☐ Live-in aide or other non-family member

   A reduction in the household:

   ☐ Family member permanently moved out

   ☐ Family member passed away

If there is a decrease in family size and your family's adjusted income ...	The PHA will ...
decreases	**always** conduct an interim review
increases	process the change, but not conduct an interim review unless it meets the threshold (usually 10%, see below for more details).

2. **Gather any relevant documents for your appointment with the PHA.**

   ☐ Photo identification

   ☐ Social security card

   ☐ Birth certificate

   ☐ Court order / letter for adoption or foster placement

B. Decrease in Income Worksheet

Background

Your PHA must do an interim review if your family's annual adjusted income decreases by 10% or more. However, HUD and PHAs are allowed to set a lower percentage of decrease.

Remember, your family's income also decreases when someone who has income moves out or passes away.

1. How did your annual income decrease (check all that apply):

- ☐ Loss of a job
- ☐ Loss of income
- ☐ Loss of benefits
- ☐ Income earner/receiver moved out or passed away

2. What is the amount of the decrease in income?*

Source of Income	Amount before	Amount now
	$ per year	$ per year
	$ per year	$ per year
	$ per year	$ per year
TOTALS	$ 0.00	$ 0.00

* You will need to convert the amount you earn per paycheck into a yearly amount. If you are paid monthly, multiply your monthly amount by 12. If you are paid by the week, you can multiply the amount by 52., If you are paid semi-monthly (2 times a month) multiply the amount by 24 and if you are paid bi-weekly (every 2 weeks) multiply the amount by 26.

3. (Optional) Estimate if the change is likely to require an interim review.

If you know your previous annual adjusted income, you can use the Income Estimation Tool to estimate if you will need an interim review. Or use this table:

Total amount now *Sum of all amounts now*	$ 0.00
Total amount before *Sum of all amounts before*	$ 0.00
Amount of decrease *Amount now - Amount before*	$ 0.00
Amount of change as a percent *Amount of decrease / amount now * 100*	NaN %

4. Gather any relevant documents for your appointment with the PHA.

The documents you need will depend on your situation and will be like what you brought to your initial or yearly review.

- ☐ Most recent paystubs (ask your PHA how many you will need)
- ☐ Letter or email from employer noting a change in pay or hours
- ☐ Letter or other notice that a (cash) benefit has stopped or been reduced
- ☐ Information about a self-employment contract that has ended or been reduced

C. Increase in Income Worksheet

Background

Under HOTMA rules, your PHA will do an interim review if your income increases by 10% or more. There are some exceptions. Check what applies to your situation and gather the necessary documents.

Your PHA might **not** conduct an interim review after an increase in income if:

- The increased income is from **earned income.**
  - Unless you also had a rent reduction since the last yearly review (depending on your PHA's rules).
- Your income increased by less than 10% (adjusted annual income).
- Your next yearly review is within 3 months (depending on PHA policy).

Earned income includes salaries, wages, tips, and payments for self-employment work. **Unearned income** includes earnings from benefits (like social security), investments, assets, and court-ordered payments like alimony or child support.

1. **See if the PHA will need to do an interim review:**

   Was the amount of increase in your annual adjusted income **less** than 10% since the last yearly review?

   - **Yes—STOP**. You **will not** have to do an interim review
   - **No**, it's more than 10%—**CONTINUE**

   Is your income increasing due to **unearned income**?

   - **Yes—STOP**. You **will** likely need to do an interim review
   - **No**, it's from earned income—**CONTINUE**

   Since your last yearly review, have you had an **interim review** because of a decrease in income?

   - **Yes—STOP**. You **may** need to do an interim review (depending on your PHA's rules.)
   - **No**, no previous interim—**CONTINUE**

   Is your next yearly review in the next 3 months ***and*** does your PHA have a rule of not doing an interim review for an increase in the last 3 months?

   - **Yes,** my PHA's policy allows me to wait—**STOP**. You **will not** have to do an interim review
   - **No**, either my yearly review is more than 3 months out and/or my PHA's rules don't allow me to wait —**STOP**. You **will** likely need to do an interim review.

2. Note any changes in income your household has experienced.

What is the amount of the increase in earned income? *(An interim review is generally **not** needed for increases of earned income. Some PHA's will count an increase in earned income if you had a previous interim review for a decrease in income.)**

Source of Income	Amount before	Amount now
Salary / wages	$ per year	$ per year
Tips	$ per year	$ per year
Self-employment income	$ per year	$ per year
TOTALS	$ 0.00	$ 0.00

* You will need to convert the amount you earn per paycheck into a yearly amount. If you are paid monthly, multiply your monthly amount by 12. If you are paid by the week, you can multiply the amount by 52., If you are paid semi-monthly (2 times a month) multiply the amount by 24 and if you are paid bi-weekly (every 2 weeks) multiply the amount by 26.

What is the amount of the increase in unearned income?

Source of Income	Amount before	Amount now
Temporary Assistance for Needy Families (TANF)	$ 0.00 per year	$ 0.00 per year
Social security or disability	$ 0.00 per year	$ 0.00 per year
Pension	$ 0.00 per year	$ 0.00 per year
Child support	$ 0.00 per year	$ 0.00 per year
Alimony	$ 0.00 per year	$ 0.00 per year
Income from assets	$ 0.00 per year	$ 0.00 per year
Other:	$ 0.00 per year	$ 0.00 per year
TOTALS	$ 0.00	$ 0.00

3. (Optional) Estimate if the income increase will likely require an interim review.

An interim review will be needed for increases of 10% or more in unearned income.

If you know your previous annual adjusted income, you can use the **Income Estimation Tool** to estimate if you will need an interim review. Or use this table:

Total amount now *Sum of all unearned income now*	$ 0.00
Total amount before *Sum of all unearned income before*	$ 0.00
Amount of increase *Amount now - Amount before*	$ 0.00
Amount of change as a percent *Amount of increase / amount now * 100*	NaN %

4. Gather any relevant documents for your appointment with the PHA.

The documents you need will depend on your situation and will be like what you brought to your initial or or yearly review.

- ☐ Most recent paystubs (ask your PHA how many you will need)
- ☐ Letter or email from employer noting promotion or change in pay or hours
- ☐ Letter or other notice that a (cash) benefit has started or increased
- ☐ Information about self-employment work that has started or increased

D. Change in Deductions Worksheet

Check for changes in common deductions, like childcare payments or medical expenses, which can affect your rent.

1. Check for changes in common deductions

The following are common deductions. Check any areas where your family has experienced a change since your last income review and note the change.

- ☐ Dependents (See the **Family Composition Change Worksheet**)
- ☐ Elderly status
  - ☐ A Head, Spouse or Co-head of the family is now age 62
- ☐ Childcare payments for the care of children 12 years old or younger, including foster children, that allow a member of the household to work.
  - ☐ Payments started
  - ☐ Payments ended or no longer qualify for the deduction
- ☐ Unreimbursed Health and medical expenses for an elderly or disabled family member
  - ☐ Expenses began or increased
  - ☐ Expenses ended or decreased
- ☐ Unreimbursed reasonable care and equipment expenses for each member of the family with a disability, that enable any member of the family, including the person with a disability, to work.
  - ☐ Expenses began or increased
  - ☐ Expenses ended or decreased
- ☐ Student status
  - ☐ A family member started a program of higher education
  - ☐ A family member ended a program of higher education
- ☐ Disability
  - ☐ A family member now qualifies as a person with a disability
  - ☐ A family member no longer qualifies as a person with a disability

Your PHA may have additional deductions. If you have a hardship that is impacting your ability to pay your rent, talk to your PHA about it before you fall behind on rent. There may be a deduction or exemption that can make your rent more affordable.

2. Gather any relevant documents for your appointment with the PHA.

The documents you need will depend on your situation and will be like what you brought to your first or yearly review.

- ☐ Information (including receipts or bills) for relevant payments (childcare, health and medical expenses, reasonable attendant care and auxiliary apparatus)
- ☐ Information on school enrollment and student financial aid. See the **HOTMA Resident Worksheet: Student Financial Aid**.

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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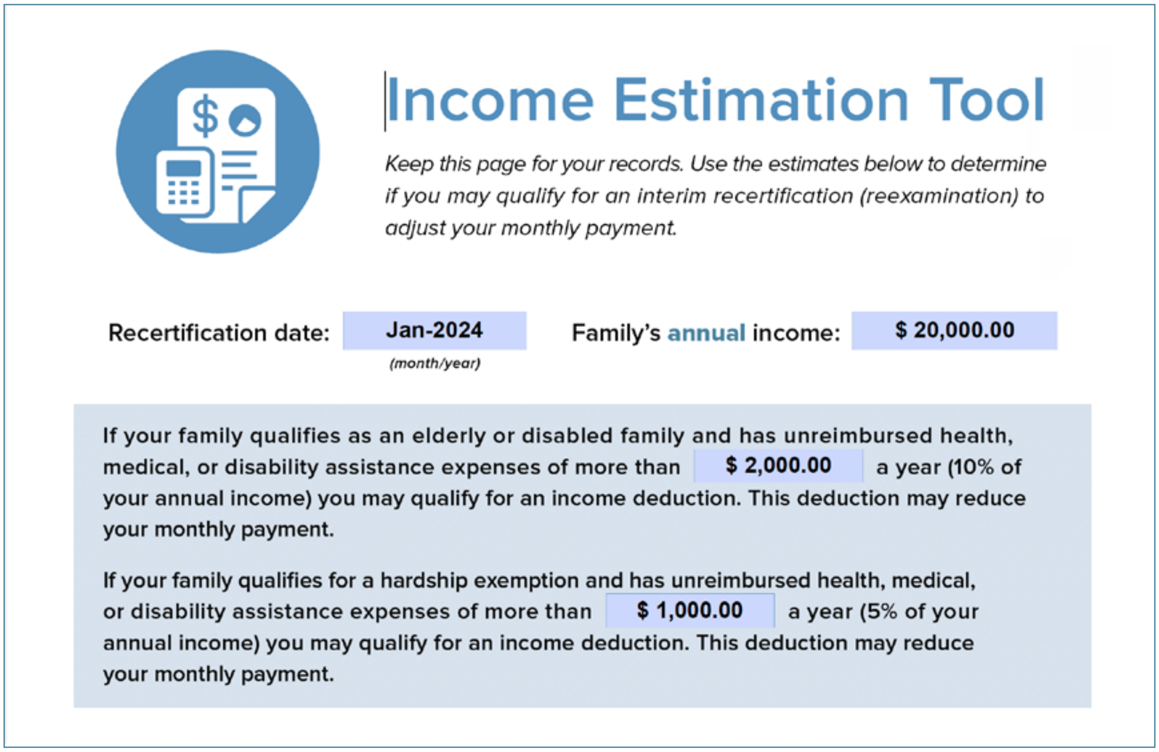
Hardship Exemptions Resource Sheet



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** *(month/year)* Family's **annual** income: **$ 20,000.00**

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.

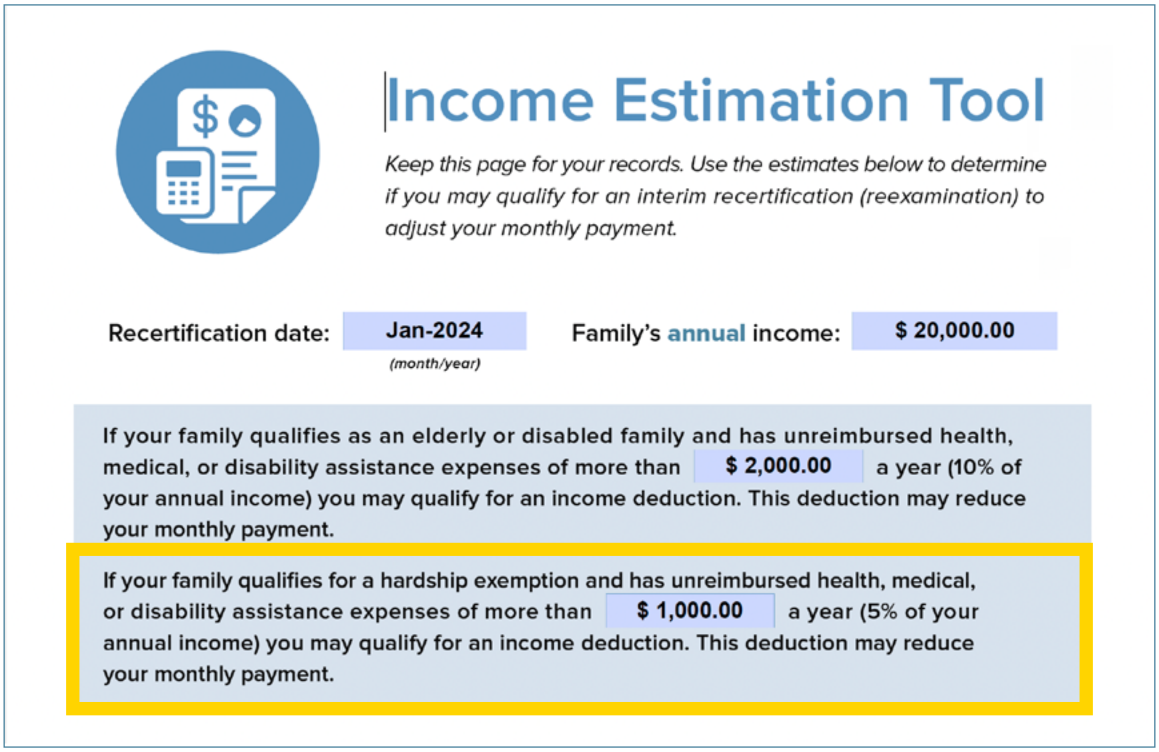
Note: The full text of the rule related to these hardship exemptions can be found in the Code of Federal Regulations in section 24 CFR 5.611(c).

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 *(month/year)* **Family's annual income:** $ 20,000.00

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