



Section 8 Made Simple for Practitioners: Understanding Your PHA's Housing Choice Voucher Program – Part 3

Stephanie Williams, Jim Yates and Nicole LiBaire

February 12, 2021

Agenda

- 1. Total Tenant Payment and Subsidy calculations**
- 2. Income Inclusions and Exclusions**
- 3. Calculating Annual Income**
- 4. Questions**

** This is an interactive training, ask your questions in the chat and we will pause after each section to allow for questions.*

Calculating the Total Tenant Payment

- The maximum subsidy the PHA can pay if the payment standard minus the Total Tenant Payment (TTP)
- Total Tenant Payment is the highest of the following:
 - ▶ 30% of monthly adjusted income
 - ▶ 10% of monthly income
 - ▶ Welfare rent (in as-is states only)
 - ▶ PHA minimum rent



Maximum Rent Burden at Initial Occupancy

- Calculating maximum rent burden at initial occupancy
 - ▶ 30% of monthly adjusted income $\$800 \times .30 = \240
 - ▶ 40% of monthly adjusted income $\$800 \times .40 = \320
 - ▶ Maximum initial rent burden = $\$320$



Maximum Subsidy

- The maximum subsidy the PHA can pay is the payment standard minus the Total Tenant Payment (TTP)
 - ▶ Payment Standard = \$1,000
 - ▶ Total Tenant Payment (TTP) = \$240
 - ▶ Maximum subsidy = (the Payment Standard minus the Total Tenant Payment) = \$760

Maximum Gross Rent

- The gross rent is the entire housing cost which includes the rent to the landlord and the utility allowance for the unit
- If the utilities are included in the rent, the rent to the landlord and the gross rent will be the same
 - ▶ TTP = \$240
 - ▶ Maximum initial rent burden = \$320 (40% of monthly adjusted income)
 - ▶ Payment standard = \$1,000
 - ▶ Maximum subsidy = \$760
 - ▶ TTP when the gross rent is at or below the payment standard = \$240
 - ▶ TTP when the gross rent is higher than the payment standard = the household pays between \$241 and \$320, the maximum initial rent burden allowed
 - ▶ Maximum gross rent for the unit selected = the maximum gross rent is the maximum initial rent burden of \$320 plus the maximum subsidy the PHA can pay of \$760. In this example the maximum gross rent is \$1,080

Impact of Unit Size Selection

- A household can select a larger or smaller unit size than listed on their voucher.
- If they do the PHA must use the payment standard and utility allowance for the smaller of the household unit size listed on the voucher or the unit size selected by the household

Questions



Income Inclusions

- Examples of income that must be included when calculating annual income
 - ▶ Gross income from wages
 - ▶ Gross payments from social security, annuities, pensions, etc.
 - ▶ Welfare assistance
 - ▶ Income from operation of a business
 - ▶ Interest payments

https://www.hud.gov/sites/documents/DOC_35699.PDF

The link above provides a list of all income inclusions and exclusions

Income Exclusions

- Examples of income that are not included when calculating annual income
 - ▶ Income from employment of children under 18
 - ▶ Amounts received from HUD funded training programs
 - ▶ Resident service stipend (not to exceed \$200)
 - ▶ Medical reimbursements
 - ▶ Food stamps
 - ▶ Federal scholarships and work study
 - ▶ AmeriCorps allowances

Gross Income

- Total income of all family members, excluding any employment income of children under age 18 (and other excluded sources), from all sources anticipated to be received in the 12-month period following the effective date of the income certification



Hours and Earnings		Year
Hours	This Period	
	384.00	
	276.90	
	384.00	

Adjusted Income

- Annual adjusted income is determined by deducting from annual gross income the items listed below
 - ▶ \$480 Per Dependent
 - ▶ Reasonable Child Care Expenses
 - ▶ Disability Assistance Allowance
 - ▶ Medical Expenses of Elderly or Disabled Households
 - ▶ \$400 Per Elderly or Disabled Households

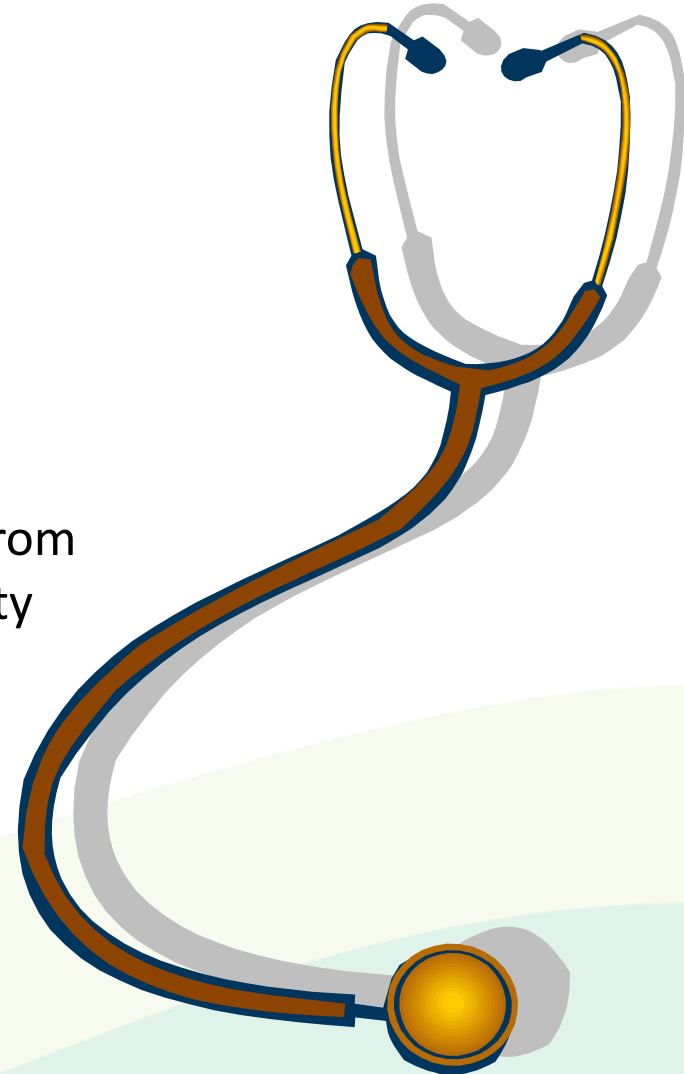
Reasonable Childcare Expenses

- Reasonable Child Care Expenses anticipated during the period for children 12 and under that enable a household member to work or pursue further education are deducted
- The amount deducted for childcare to enable a person to work may not exceed the amount of income received from such work
- Childcare expenses may not be deducted if the individual is reimbursed for these expenses

Medical and Disability Expenses

Elderly/Disabled:

- The amount that may be deducted for anticipated medical or disability related expenses not covered by insurance or unreimbursed
- 3% of a household's annual income is subtracted from the total amount of allowable medical and disability related expenses



Calculating Annual Income

- Latonya – Head of household, age 38. She is disabled and works part time as a substitute teacher. Her annual income is \$15,000. She also attends college part time and receives a monthly stipend of \$250 as part of the self-sufficiency program.
- Ethel – Other adult in the household, age 67. She is self employed as a hairdresser. Her income tax shows a gross income of \$15,000 and \$5,000 in expenses. Ethel also receives \$100 per month from the Low Income Energy Assistance Program.

Calculations

- What income is included at part of the calculation of annual income?
- What is the annual income?

Calculating Annual Adjusted Income

The Stones

- Tip is the head of household, age 63 and his annual income of SSDI is \$11,200
- Alberta is the co-head of household and her annual employment income is \$15,000
- Expenses:
 - ▶ Tip – Medicare of \$36.50 per month
 - ▶ Alberta – Health insurance of \$58 per month
 - ▶ Alberta – Medications of \$155 per year
 - ▶ The Stones pay \$70 per week for a care attendant for Tip so Alberta can work.

Calculations

- What is the annual income?
- What is 3% of the annual income?
- What is the total disability expense?
- What is the total medical expense?
- What allowances are applied?
- What is the adjusted annual income?

Tenant Rent Calculation - 1

- Family's annual income = \$25,000
- Monthly gross income: $\$25,000/12 = \$2,086$
 - ▶ 10% of monthly gross income: $\$2,086 * 10\% = \208
- Minus \$400 disabled household deduction
- Family's annual adjusted income = \$24,600
- Monthly adjusted income = $\$24,600/12 = \$2,050$
 - ▶ 30% of monthly adjusted income: $\$2,050 * 30\% = \615

What is the family's TTP?

Tenant Rent Calculation - 2

- Family's annual income = \$26,200
- Monthly gross income: $\$26,200/12 = \$2,183$
 - ▶ 10% of monthly gross income: $\$2,183 * 10\% = \218
- Minus \$400 disabled household deduction
- Minus \$2,854 allowable disability assistance expense deduction
- Minus \$2,505 medical expense deduction
- Total deductions = \$4,543
- Family's annual adjusted income = \$21,657
- Monthly adjusted income = $\$21,657/12 = \$1,804$
 - ▶ 30% of monthly adjusted income: $\$1,804 * 30\% = \541

What is the family's TTP?

Questions

