

CHAPTER 4 PART 1. INCOME, EXCLUSIONS, AND DEDUCTIONS FROM INCOME

To determine annual income, the Shelton Housing Authority adds the income of all family members, excluding the types and sources of income that are specifically excluded. Once the annual income is determined, the Shelton Housing Authority subtracts all allowable deductions (allowances) to determine the Total Tenant Payment.

ANNUAL INCOME

1. *Annual income* means all amounts, monetary or not, which:

- A. Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member or
- B. Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date and which are not specifically excluded in 24 § 5.609 [paragraph \(c\)](#).
- C. Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

2. Annual income includes, but is not limited to:

- A. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services
- B. The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. 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
- C. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in 24 § 5.609 [paragraph \(b\)\(2\)](#). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD
- D. The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in 24 § 5.609 [paragraph \(c\)\(14\)](#))

- E. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in 24 § 5.609 [paragraph \(c\)\(3\)](#))
- F. **Welfare assistance payments.**
 - a. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:
 - i. Qualify as assistance under the TANF program definition at [45 CFR 260.31](#); and
 - ii. Are not otherwise excluded under 24 § 5.609 [paragraph \(c\)](#).
 - b. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:
 - i. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
 - ii. The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.
- G. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
- H. All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in 24 § 5.609 [paragraph \(c\)\(7\)](#)).
- I. For section 8 programs only and as provided in [24 CFR 5.612](#), any financial assistance, in excess of amounts received for tuition and any other required fees and charges, that an individual receives under the Higher Education Act of 1965 ([20 U.S.C. 1001 et seq.](#)), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 ([20 U.S.C. 1002](#))), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph, "financial assistance" does not include loan proceeds for the purpose of determining income.

3. Annual income **does not include** the following:

- A. Income from employment of children (including foster children) under the age of 18 years.
- B. Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);
- C. 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 or property losses (except as provided in 24 § 5.609 [paragraph \(b\)\(5\)](#)).

- D. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
- E. Income of a live-in aide, as defined in CFR 24 [§ 5.403](#).
- F. Subject to 24 § 5.609 [paragraph \(b\)\(9\)](#), the full amount of student financial assistance paid directly to the student or to the educational institution;
- G. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
- H.
 - a. Amounts received under training programs funded by HUD.
 - b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS).
 - c. 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, childcare, etc.) and which are made solely to allow participation in a specific program.
 - d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time.
 - e. Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) 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 the period during which the family member participates in the employment training program.
- I. Temporary, nonrecurring, or sporadic income (including gifts).
- J. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
- K. Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse).
- L. Adoption assistance payments in excess of \$480 per adopted child.
- M. [Reserved]
- N. Deferred periodic amounts from supplemental security income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts, or any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts.
- O. Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit.

- P. Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home or
- Q. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in [24 CFR 5.609\(c\)](#) apply. A notice will be published in the Federal Register and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. These exclusions include:
- a. The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017(b))
 - b. Payments to Volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(f)(1), 5058)
 - c. Certain payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c))
 - d. Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e)
 - e. Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f))
 - f. Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540, section 6)
 - g. The first \$2000 of per capita shares received from judgment funds awarded by the Indian National Gaming Commission or the U.S. Claims Court, the interests of individual Indians in trust or restricted lands, and the first \$2000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408). This exclusion does not include proceeds of gaming operations regulated by the Commission
 - h. Amounts of scholarships funded under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070), including awards under Federal work-study program or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu). For Section 8 programs only (42 U.S.C. 1437f), any financial assistance in excess of amounts received by an individual for tuition and any other required fees and charges under the Higher Education Act of 1965 (20 U.S.C. 1001 *et seq.*), from private sources, or an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall not be considered income to that individual if the individual is over the age of 23 with dependent children (Pub. L. 109-115, section 327) (as amended). See definition of Tuition in Glossary
 - i. Payments received from programs funded under Title V of the Older Americans Act of 1985 (42 U.S.C. 3056(g))
 - j. Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund (Pub. L. 101-201) or any other fund established pursuant to the settlement in *In Re Agent Orange Liability Litigation*, M.D.L. No. 381 (E.D.N.Y.)

- k. Payments received under the Maine Indian Claims Settlement Act of 1980 (Pub. L. 96-420, 25 U.S.C. 1728)
- l. The value of any childcare provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q)
- m. Earned income tax credit (EITC) refund payments received on or after January 1, 1991, for programs administered under the United States Housing Act of 1937, title V of the Housing Act of 1949, section 101 of the Housing and Urban Development Act of 1965, and sections 221 (d)(3), 235, and 236 of the National Housing Act (26 U.S.C. 32(l))
- n. Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433)
- o. Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d))
- p. Any allowance paid under the provisions of 38 U.S.C. 1883(c) to children of Vietnam veterans born with spina bifida (38 U.S.C. 1802-05), children of women Vietnam veterans born with certain birth defects (38 U.S.C. 1811-16), and children of certain Korean service veterans born with spina bifida (38 U.S.C. 1821)
- q. Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act (42 U.S.C. 10602(c))
- r. Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998 (29 U.S.C. 2931(a)(2))
- s. Any amount received under the Richard B. Russell School Lunch Act (42 U.S.C. 1760(e)) and the Child Nutrition Act of 1966 (42 U.S.C. 1780(b)), including reduced-price lunches and food under the Special Supplemental Food Program for Women, Infants, and Children (WIC)
- t. Payments, funds, or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 (25 U.S.C. 1774f(b))
- u. Payments from any deferred U.S. Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts (42 U.S.C. § 1437a(b)(4))
- v. Compensation received by or on behalf of a veteran for service-connected disability, death, dependency, or indemnity compensation as provided by an amendment by the Indian Veterans Housing Opportunity Act of 2010 (Pub. L. 111-269; 25 U.S.C. 4103(9)) to the definition of income applicable to programs authorized under the Native American Housing Assistance and Self-Determination Act (NAHASDA) (25 U.S.C. 4101 *et seq.*) and administered by the Office of Native American Programs
- w. A lump sum or a periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the case entitled *Elouise Cobell et al. v. Ken Salazar et al.*, 816 F. Supp. 2d 10 (Oct. 5, 2011, D.D.C.), **for a period of**

- one year from the time of receipt of that payment** as provided in the Claims Resolution Act of 2010 (Pub. L. 111-291)
- x. Any amounts in an “individual development account” as provided by the Assets for Independence Act, as amended in 2002 (Pub. L. 107-110, 42 U.S.C. 604(h)(4))
 - y. Per capita payments made from the proceeds of Indian Tribal Trust Cases as described in PIH Notice 2013-30 “Exclusion from Income of Payments under Recent Tribal Trust Settlements” (25 U.S.C. 117b(a)) and
 - z. Major disaster and emergency assistance received by individuals and families under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Pub. L. 93-288, as amended) and comparable disaster assistance provided by States, local governments, and disaster assistance organizations (42 U.S.C. 5155(d))
 - aa. ABLÉ accounts created under the Achieving a Better Life Experience Act of 2014 (ABLE Act) are excluded from the calculation of both income and assets.

The Shelton Housing Authority will not provide exclusions from income in addition to those already provided for by HUD. See the Excluded Income Chart in Chapter 4 Part 2 Verifications section for verification requirements.

4. ADJUSTED INCOME 24 § 5.611

Adjusted income means annual income (as determined by the responsible entity, defined in [§ 24 CFR 5.100](#) and [§ 5.603](#)) of the members of the family residing or intending to reside in the dwelling unit, after making the following deductions:

- A. **Mandatory deductions.** In determining adjusted income, the responsible entity must deduct the following amounts from annual income:
 - a. \$480 for each dependent
 - b. \$400 for any elderly family or disabled family
 - c. The sum of the following, to the extent the sum exceeds three percent of annual income:
 - i. Unreimbursed medical expenses of any elderly family or disabled family; and
 - ii. Unreimbursed reasonable attendant care and auxiliary apparatus expenses for each member of the family who is a person with disabilities, to the extent necessary to enable any member of the family (including the member who is a person with disabilities) to be employed. This deduction may not exceed the earned income received by family members who are 18 years of age or older and who are able to work because of such attendant care or auxiliary apparatus.
 - d. Any reasonable childcare expenses necessary to enable a member of the family to be employed or to further his or her education.
- B. **Additional deductions.**
 - a. For public housing, a PHA may adopt additional deductions from annual income. The PHA must establish a written policy for such deductions.

- b. For the HUD programs listed in CFR 24 [§ 5.601\(d\)](#), the responsible entity shall calculate such other deductions as required and permitted by the applicable program regulations.
- C. **Annualization of income.** If it is not feasible to anticipate a level of income over a 12-month period (e.g., seasonal, or cyclic income), or the PHA believes that past income is the best available indicator of expected future income, the PHA may annualize the income anticipated for a shorter period, subject to a redetermination at the end of the shorter period.

5. **Earned income disregard:**

Definitions. The following definitions apply for purposes of this section.

- A. **Baseline income.** The annual income immediately prior to implementation of the disallowance described in CFR 24 § 960.255 [paragraph \(c\)\(1\)](#) of a person who is a member of a qualified family.
- B. **Disallowance.** Exclusion from annual income.
- C. **Previously unemployed** includes a person who has earned, in the twelve months previous to employment, no more than would be received for 10 hours of work per week for 50 weeks at the established minimum wage.
- D. **Qualified family.** A family residing in public housing:
 - a. Whose annual income increases as a result of employment of a family member who was unemployed for one or more years previous to employment
 - b. Whose annual income increases as a result of increased earnings by a family member during participation in any economic self-sufficiency or other job training program or
 - c. Whose annual income increases, as a result of new employment or increased earnings of a family member, during or within six months after receiving assistance, benefits, or services under any state program for temporary assistance for needy families funded under Part A of Title IV of the Social Security Act, as determined by the PHA in consultation with the local agencies administering temporary assistance for needy families (TANF) and Welfare-to-Work (WTW) programs. The TANF program is not limited to monthly income maintenance, but also includes such benefits and services as one-time payments, wage subsidies and transportation assistance - provided that the total amount over a six-month period is at least \$500.

6. **Disallowance of earned income -**

- A. **Initial 12-month exclusion.** During the 12-month period beginning on the date on which a member of a qualified family is first employed or the family first experiences an increase in annual income attributable to employment, the PHA must exclude from the annual income (as defined in CFR 24 [§ 5.609 of this title](#)) of a qualified family any increase in the income of the family member as a result of employment over the baseline income of that family member.

- B. ***Phase-in of rent increase.*** Upon the expiration of the 12-month period defined in CFR 24 § 960.255 [paragraph \(b\)\(1\)](#) and for the subsequent 12-month period, the PHA must exclude from the annual income of a qualified family at least 50 percent of any increase in income of such family member as a result of employment over the family member's baseline income.
 - C. ***Maximum 2-year disallowance.*** The disallowance of increased income of an individual family member as provided in CFR 24 § 960.255 [paragraph \(b\)\(1\)](#) or [\(b\)\(2\)](#) is limited to a lifetime 24-month period. It applies for a maximum of 12 months for disallowance under CFR 24 § 960.255 [paragraph \(b\)\(1\)](#) and a maximum of 12 months for disallowance under CFR 24 § 960.255 [paragraph \(b\)\(2\)](#), during the 24-month period starting from the initial exclusion under CFR 24 § 960.255 [paragraph \(b\)\(1\)](#).
 - D. Effect of changes on currently participating families. Families eligible for and participating in the disallowance of earned income under this section prior to May 9, 2016, will continue to be governed by this section in effect as it existed immediately prior to that date.
7. ***Inapplicability to admission.*** The disallowance of increases in income as a result of employment under this section does not apply for purposes of admission to the program (including the determination of income eligibility and income targeting).
8. ***Individual Savings Accounts.*** As an alternative to the disallowance of increases in income as a result of employment described in CFR 24 § 960.255 [paragraph \(b\)](#), a PHA may choose to provide for individual savings accounts for public housing residents who pay an income-based rent, in accordance with a written policy, which must include the following provisions:
- A. The PHA must advise the family that the savings account option is available
 - B. At the option of the family, the PHA must deposit in the savings account the total amount that would have been included in tenant rent payable to the PHA as a result of increased income that is disallowed in accordance with CFR 24 § 960.255 [paragraph \(b\)](#)
 - C. Amounts deposited in a savings account may be withdrawn only for the purpose of:
 - a. Purchasing a home.
 - b. Paying education costs of family members.
 - c. Moving out of public or assisted housing or
 - d. Paying any other expense authorized by the PHA for the purpose of promoting the economic self-sufficiency of residents of public housing.
 - D. The PHA must maintain the account in an interest-bearing investment and must credit the family with the net interest income, and the PHA may not charge a fee for maintaining the account.
 - E. At least annually the PHA must provide the family with a report on the status of the account and
 - F. If the family moves out of public housing, the PHA shall pay the tenant any balance in the account, minus any amounts owed to the PHA.

9. Receipt of a letter or notice from HUD concerning income

- A. If a public housing resident receives a letter or notice from HUD concerning the amount or verification of family income, the letter shall be brought to the person responsible for income verification within thirty (30) calendar days of receipt by the resident.
- B. The Shelton Housing Authority shall reconcile any difference between the amount reported by the resident and the amount listed in the HUD communication. This shall be done as promptly as possible.
- C. After the reconciliation is complete, the Shelton Housing Authority shall, if appropriate, adjust the resident's rent beginning at the start of the next month. If the reconciliation is completed during the final five (5) calendar days of the month, the new rent shall take effect on the first day of the second month following the end of the current month. In addition, if the resident had not previously reported the proper income, the Shelton Housing Authority shall do one of the following:
 - 1. Immediately collect the back rent due to the agency.
 - 2. Establish a repayment plan for the resident to pay the sum due to the agency.
 - 3. Terminate the lease and evict for failure to report income or
 - 4. Terminate the lease, evict for failure to report income, and collect the back rent due to the agency.

10. COOPERATING WITH WELFARE AGENCIES

The Shelton Housing Authority will make its best efforts to enter into cooperation agreements with local welfare agencies under which the welfare agencies will agree:

- A. To target assistance, benefits and services to families receiving assistance in the public housing and Section 8 tenant-based assistance program to achieve self-sufficiency and
- B. To provide written verification to the Shelton Housing Authority concerning welfare benefits for families applying for or receiving assistance in our housing assistance programs.

11. COOPERATING WITH LAW ENFORCEMENT AGENCIES

The Shelton Housing Authority will comply, on a case-by-case basis, with information requests from Federal, State, or local law enforcement officers regarding possible fugitive felons and/or a parole or probation violators. The Shelton Housing Authority will supply upon legitimate request (1) the current address, (2) Social Security number and (3) photograph (if available) of any recipient of assistance.

The Federal, State, or local enforcement officer must submit a request that is (1) written, (2) on law enforcement agency letterhead, and (3) is signed by the requesting officer and his or her immediate supervisor. The request for information must provide the name of the fugitive felon and/or parole or probation violator being sought, and may include other personal information used for identification. The request should also comply with the following requirements:

- A. The law enforcement agency shall notify Shelton Housing Authority that the fugitive felon and/or parole or probation violator (1) is fleeing to avoid prosecution, custody, or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor; or (2) is violating a condition of probation or parole imposed under Federal or State law; or (3) has information that is necessary for the officer to conduct his/her official duties;
- B. The location or apprehension of the recipient is within the Shelton Housing Authority's official duties; and
- C. The request is made in the proper exercise of the law enforcement agency's official duties.

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