



# HOTMA Resident Fact Sheet: Student Financial Aid

*This fact sheet is for families who live in public housing or have Housing Choice Vouchers from Section 8. There are new rules affecting student financial aid 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.*

## Background

HUD has created new rules about certain types of student financial aid. These rules say that your PHA will not count financial aid for both **full and part-time students** in calculating your rent. This is good news if you or someone in your household receives assistance like scholarships or grants for school.

## Types of Student Financial Aid

Under the new rules there are two categories of student financial aid:

1. **Title IV Higher Education Assistance (HEA) / Bureau of Indian Affairs student assistance programs:** For all public housing residents and most Section 8 residents, any money you receive from these programs will not be considered income, even if it's more than what you need for school. (An exception for some **Housing Choice Voucher participants** is explained at the end.)
2. **Other financial assistance:** This includes any other funds you receive, like scholarships or grants, to pay for higher education. It can come from the government (federal, state, tribal, or local), foundations, businesses, or your school. This financial aid is not counted as income when it is needed for the actual costs of your education. Your PHA will first see if you have actual costs that were not covered by HEA Assistance. If so, this type of aid will be applied up to the amount of remaining costs.

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**Let's use an example to understand this better.**

**Anna is starting her second year of college. Anna lives in public housing and is the head of her household. She has a \$10,000 Federal Perkins Loan, which is HEA Assistance. She also got a \$10,000 scholarship for community service from a foundation. Anna's total expenses for attending college are \$18,000.**

**Here's how the PHA will treat her financial assistance:**

- 1. The PHA will look at HEA Assistance. The \$10,000 from the Federal Perkins Loan won't count as income.**
- 2. The PHA will calculate if Anna has any actual costs that are not covered. Anna has \$18,000 in actual covered costs. So, she has \$8,000 in actual costs remaining.**
- 3. The PHA will look at other financial assistance. Anna received a \$10,000 scholarship. Since the remaining actual costs for Anna's school are \$8,000, only \$8,000 of the scholarship will be excluded from her income calculation.**

**In Anna's case, \$18,000 is excluded income. The remaining \$2,000 will be counted as income for her rent calculation.**

**Dependent Income:** If you are full-time student and a dependent, any money you earn won't be counted in your household's income to determine rent. Any loans you receive also won't be counted as income if the borrower or co-borrower is a member of the household.

**Educational savings account:** If you are saving or using money from a Coverdell education savings account, or any savings program under IRS sections 529 and 530, these funds won't be considered as part of your income in determining your rent.

### **! Exception for specific Section 8 students**

The law that funds HUD includes a special rule for some Section 8 students. For these students, any student financial aid (including HEA Assistance) that is more than the actual covered costs, is considered income. HUD will notify your PHA if this requirement is removed.

This applies to Section 8 students who are the head of household, co-head, or spouse and:

- Are 23 years old and under, OR
- Do not have dependent children.

All other Section 8 students can use the formulas described above.

For these Section 8 students only student financial assistance needed for actual covered costs can be excluded from income. The amount excluded will be the lower of total student financial assistance or actual covered costs.