



Income and Income Exclusions Resource Sheet

For more information refer to the full HOTMA Income and Assets Training Series, including the Income Fact Sheet.

Annual Income **24 CFR 5.609(a)**

Annual income includes, with respect to the family:

- All amounts, not specifically excluded below, received from all sources by each member of the family 18 years or older or is the head of household or spouse of the head of household, plus
- Unearned income by or on behalf of each dependent who is under 18 years of age, and
- Imputed returns on net family assets exceeding \$50,000 (adjusted annually using the CPI-W) when the value of the actual returns from a given asset cannot be calculated. Imputed returns are based on the current passbook savings rate, as determined by HUD. (**Note:** if it is possible to calculate actual returns from an asset, the PHA should use that amount as income).

EXCLUSIONS

Federally Mandated Income Exclusions **24 CFR 5.609(b)(22)**

Amounts that HUD is required by federal statute to exclude as income for determining eligibility or benefits. HUD will publish an updated notice in the Federal Register to identify the benefits that qualify for this exclusion. Updates will be published when necessary.

- Mandatory Income exclusions related to ABLE accounts will be detailed here. PHAs can refer to Notice PIH 2019-09/H-2019-06, or any subsequent notice on the subject, for details on when ABLE account income is excluded.

Assets **24 CFR 5.609(b)(1)**

Imputed returns: Any imputed return on an asset when net family assets total \$50,000 or less (adjusted by HUD annually per CPI-W) and no actual income from the net family assets can be determined. (**Note that:** Actual returns from assets are included in income.)



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Non-recurring income **24 CFR 5.609(b)(24)**

Income that will not be repeated in the coming year based on information provided by the family. Some examples of non-recurring income include:

- U.S. Census Bureau for employment income (relating to decennial census or the American Community Survey) lasting no longer than 180 days and not resulting in permanent employment.
- Direct federal or state payments for economic stimulus or recovery.
- State or federal refundable tax credits or state or federal tax refunds received directly at the time they are received directly by the family.
- Gifts for significant life events or milestones (e.g., holidays, birthdays, wedding gifts, baby showers, anniversaries).
- Non-monetary, in-kind donations, such as food, clothing, or toiletries, received from a food bank or similar organization.
- Lump-sum additions to net family assets, including but not limited to **lottery** or other contest winnings.

Note that: Income received as an independent contractor, day laborer, or seasonal worker is not excluded from income, even if the source, date, or amount of the income varies.

Self-employment Income **24 CFR 5.609(b)(28)**

Gross income received through self-employment or operation of a business; with the exception of the following which **shall be considered income**:

- 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 IRS regulations; and
- 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.



Note: gross income is the total income that a business brings in and is not reflective of the costs of operating a business or of being self-employed

Minors Earned Income **24 CFR 5.609(b)(3)**

All earned income of all children under the age of 18, including foster children.

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Adoption assistance payments **24 CFR 5.609(b)(15)**

Earned income in excess of the amount of the deduction for a dependent in § 5.611.

- Deduction is currently \$480* per child. The end result is that all adoption assistance payments will be excluded.

Earned Income of Dependent Students

24 CFR 5.609(b)(14)

Earned income of dependent full-time students in excess of the amount of the deduction for a dependent.

- Deduction is currently \$480* per dependent. The end result is that these payments will not be counted.

Title IV HEA Assistance **24 CFR 5.609(9)(i)**

Any assistance that section **479B of the Higher Education Act of 1965**, as amended (20 U.S.C. 1087uu), requires to be excluded from a family's income including Bureau of Indian Affairs or Department of Education student assistance programs. These amounts are only excluded up to the cost that covers tuition and other required fees in Section 8 households if the student is the head of household or that person's spouse.

Other Student Financial Assistance **24 CFR 5.609(9)(ii)**

Student financial assistance, not excluded under the HEA for "actual covered costs" of higher education paid directly to the student or to the educational institution on the student's behalf.

Educational Savings Account **24 CFR 5.609(b)(10)**

Income and distributions from any Coverdell educational savings account or any qualified tuition program under IRS sections 529 and 530.

Baby bonds **24 CFR 5.609(b)(10)**

Income earned by government contributions to, or distributions from, 'baby bond' accounts created, authorized, or funded by federal, state, or local government.

Foster Children / Adults Payments **24 CFR 5.609(b)(4)**

Payments received for the care of foster children or adults, including state kinship, guardianship care payments, or tribal kinship payments.



See the **Student Aid and Financial Assistance Resource Sheet** for more information on how to calculate the exclusion, particularly when the student receives funds from both types of sources.

* As adjusted annually by CPI-W and rounded to the next lowest multiple of \$25.

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Foster Children/ Adults Income **24 CFR 5.609(b)(8)**

Income of foster child or adult (as defined in 24 CFR 5.403 and 5.603).

Live-in Aide **24 CFR 5.609(b)(8)**

Income of a live-in aide.



Note on Foster Children/Adults and Live-in Aides: Foster adults and foster children are members of the household and therefore considered when determining appropriate unit size and utility allowance. However, they are not considered members of the “assisted family” in determining annual and adjusted income or net family assets; nor are the assets of foster adults or children taken into consideration for purposes of asset limitations. A live-in aide is treated similarly for purposes of income and assets.

State Payments to Allow Individuals with Disabilities to Live at Home

24 CFR 5.609(b)(19)

These payments must be made:

- by or authorized by a state Medicaid managed care system or other state agency
 - » Includes: state Medicaid-managed care system, other state agency, or authorized entity
- to a family to enable a family member who has a disability to reside in the family’s assisted unit.



Note on HOTMA changes to State Payments to Allow Individuals with Disabilities to Live at Home:

- HOTMA expands the exclusion to cover all payments by the 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.
- No change if the family already received such payment that was excluded from income
- Previous requirement that these payments offset the cost of services or equipment has been eliminated.

Plan to Attain Self-Sufficiency (PASS) **24 CFR 5.609(b)(12)(i)**

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).

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Trust distributions 24 CFR 5.609(b)(2)

Irrevocable trust or revocable trust outside of family or household control, excluded from the definition of net family assets under § 5.603(b),

- Distributions of the principal, or corpus, of the trust, and
- Distributions of income from the trust used to pay the costs of health and medical care expenses for a minor.

Revocable trust or a trust under the control of the family or household: any distributions from the trust are excluded from income.

- Except that any actual income earned by the trust, regardless of whether it is distributed, shall be considered income to the family at the time it is received by the trust.



Note: given that the corpus (or principal) of a trust is not new money coming in for the family, any distributions of a trust's principal, regardless of the form of the trust, are excluded. As a general rule, PHAs and owners must count any distributions of income from an irrevocable trust or a trust not under the control of the family (e.g., distributions of earned interest) as income to the family with the exception of distributions used to pay the health and medical care expenses of a minor.

Reimbursements for Health and Medical Care Expenses 24 CFR 5.609(b)(6)

Amounts received by the family that are specifically for, or in reimbursement of, the cost of health and medical care expenses for any family member.

Insurance payments and settlements for personal or property loss

24 CFR 5.609(b)(5)

Including, but not limited to: payments through health insurance, motor vehicle insurance, and workers' compensation.

Retirement plan 24 CFR 5.609(b)(26)

Income received from any account under an IRS-recognized retirement plan. However, any distribution of **periodic payments** from these accounts shall be income at the time they are received by the family. Retirement accounts include:

- Individual retirement arrangements (IRAs)
- Employer retirement plans, and
- Retirement plans for self-employed individual

Military 24 CFR 5.609(b)(11)

The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.

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Veterans **24 CFR 5.609(b)(17)**

Payments related to aid and attendance for veterans under 38 U.S.C. 1521.

Lawsuit Settlements **24 CFR 5.609(b)(7)**

Any amounts recovered in any civil action or settlement based on a claim of malpractice, negligence, or other breach of duty owed to a family member arising out of law, that resulted in a member of the family having a **disability**.

Reparations for Persecution **24 CFR 5.609(b)(13)**

Reparation payments paid by a foreign government for claims by people persecuted during the Nazi era.

Tribal Claims Payments **24 CFR 5.609(b)(21)**

Payments received by tribal members as a result of claims relating to the mismanagement of assets held in trust by the United States. This includes payments from tribal trust settlements. Payments must be excluded from gross income under the Internal Revenue Code or other federal law.

Civil Rights Settlements and Judgements **24 CFR 5.609(b)(25)**

Civil rights settlements or judgments, including settlements or judgments for back pay.

Reimbursements from other publicly assisted programs

24 CFR 5.609(b)(12)(ii)

Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (e.g., special equipment, clothing, transportation, child care, etc.) to allow participation in a specific program.

Resident Services Stipend **24 CFR 5.609(b)(12)(iii)**

Resident service stipends not to exceed \$200 per month. This is a modest amount provided to a resident for performing a service for the PHA, on a part-time basis, that enhances the quality of life in the development.

Employment training programs **24 CFR 5.609(b)(12)(iv)**

Incremental earnings and benefits from training programs funded by HUD or qualifying federal, state, tribal, or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff.

- Excluded amounts must be received under employment training programs with clearly defined goals and objectives and only excluded during participation in the program unless the amounts are excluded as Federal Financial Aid (§ 5.609(b)(9)(i)).

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Family Self Sufficiency Account **24 CFR 5.609(b)(27)**

Income earned on amounts placed in a family's FSS.

Housing “gap” payments **24 CFR 5.609(b)(23)**

Replacement housing “gap” payments that offset increased rent and utility costs to families that are displaced from one federally subsidized housing unit and move into another federally subsidized housing unit (49 CFR part 24).

If the gap is reduced or eliminated because of a subsequent move by the tenant or change in the subsidy, and the tenant continues to receive the payment, the payment that is no longer needed to close the gap should be counted as income.

Deferred Supplemental Security Income, Social Security benefits, or Department of Veterans Affairs disability benefits **24 CFR 5.609(b)(16)**

Deferred periodic amounts from:

- Supplemental Security Income and Social Security benefits that are received as a lump sum or in prospective monthly amounts, or
- Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts.

Property Tax Rebates **24 CFR 5.609(b)(18)**

Refunds or rebates under state or local law for property taxes paid on the dwelling unit.

Loan Proceeds **24 CFR 5.609(b)(20)**

The net amount disbursed by a lender to a borrower, under the loan terms. Funds may be received by the family or a third party (e.g., educational institution or car dealership).

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Annual Income Exclusions **24 CFR 5.609(b)**

Income Exclusions Table

Category	Exclusion	CFR	Description
Other	Federally Mandated Income Exclusions	24 CFR 5.609(b)(22)	Amounts that must be excluded by federal statute. HUD will publish a Federal Register notice that includes the qualifying benefits.
Assets	Imputed Income from Assets	24 CFR 5.609(b)(1)	Any imputed return on an asset when net family assets total \$50,000 (adjusted annually) or less and no actual income from the net family assets can be determined.
Non-recurring income	Non-recurring income	24 CFR 5.609(b)(24)	Income that will not be repeated in the coming year based on information provided by the family.
Self-employment	Gross Self-employment Income	24 CFR 5.609(b)(28)	Gross income received through self-employment or operation of a business
Dependents	Minors (children under the age of 18 years)	24 CFR 5.609(b)(3)	All earned income of all children under the age of 18, including foster children.
Dependents	Adoption assistance payments	24 CFR 5.609(b)(15)	Adoption assistance payments for a child in excess of the amount of the dependent deduction.
Students	Earned Income of Dependent Students	24 CFR 5.609(b)(14)	Earned income of dependent full-time students in excess of the amount of the dependent deduction.
Students	Title IV HEA Assistance	24 CFR 5.609(b)(9)(i)	Any assistance that Section 479B of the Higher Education Act (HEA) of 1965, as amended, requires to be excluded from a family's income.
Students	Other Student Financial Assistance	24 CFR 5.609(b)(9)(ii)	Student financial assistance, not excluded under the HEA, for actual covered costs of higher education.
Students	Educational Savings Account	24 CFR 5.609(b)(10)	Income and distributions from any Coverdell educational savings account or any qualified tuition program under IRS section 530 or any qualified tuition program under section 529.
Baby bonds	Baby bonds	24 CFR 5.609(b)(10)	Income earned by government contributions to, or distributions from, 'baby bond' accounts created, authorized or funded by federal, state or local government.
Foster children / adults	Payments for Foster Children / Adults	24 CFR 5.609(b)(4)	Payments received for the care of foster children or adults, including State kinship, guardianship care payments, or tribal kinship payments.
Foster children / adults	Income of foster children / adults	24 CFR 5.609(b)(8)	Income of a live-in aide, foster child, or foster adult as defined in 24 CFR 5.403 and 5.603.
Live-in Aide	Income of a Live-in Aide	24 CFR 5.609(b)(8)	Income of a live-in aide, foster child, or foster adult.
People with Disabilities	ABLE accounts	24 CFR 5.609(b)(22)	Will be included in federally mandated excluded amounts. Notice PIH 2019-09/H-2019-06 details when ABLE account income is excluded.
People with Disabilities	State Payments to Allow Individuals with Disabilities to Live at Home	24 CFR 5.609(b)(19)	Payment made by an authorized by a state Medicaid managed care system or other state agency to a family to enable a family member to live in the family's assisted unit.
People with Disabilities	Plan to Attain Self-Sufficiency (PASS)	24 CFR 5.609(b)(12)(i)	Amounts set aside for use under a Plan to Attain Self-Sufficiency (PASS).
People with Disabilities	Reimbursements for Health and Medical Care Expenses	24 CFR 5.609(b)(6)	Amounts for, or in reimbursement of, health and medical care expenses for any family member.

(continued)

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Category	Exclusion	CFR	Description
Trusts	Trust distributions	24 CFR 5.609(b)(2)	Any distributions of a trust's principal are excluded. PHAs and owners must count any distributions of income from an irrevocable trust or a trust not under the control of the family (e.g., distributions of earned interest) as income to the family with the expectation of distributions used to pay the health and medical care expenses of a minor.
Insurance	Insurance payments and settlements for personal or property loss	24 CFR 5.609(b)(5)	Insurance payments and settlements for personal or property loss including, but not limited to: payments through health insurance, motor vehicle insurance, and workers' compensation.
Retirement	Retirement plan	24 CFR 5.609(b)(26)	Income received from any account under an IRS-recognized retirement plan. However, periodic payments are income at the time of receipt.
Military	Hostile fire special payment	24 CFR 5.609(b)(11)	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
Veterans	Veterans aid and attendance payments	24 CFR 5.609(b)(17)	Payments related to aid and attendance for veterans under 38 U.S.C. 1521.
Lawsuits	Lawsuit Settlements	24 CFR 5.609(b)(7)	Amounts recovered in a civil action or settlement based on malpractice, negligence and other breach of duty claim resulting in a family member becoming disabled.
Lawsuits	Reparations for Persecution	24 CFR 5.609(b)(13)	Reparation payments paid by a foreign government for claims by people persecuted during the Nazi era.
Lawsuits	Tribal Claims Payments	24 CFR 5.609(b)(21)	Payments received by tribal members from claims relating to the mismanagement of assets held in trust by the United States.
Lawsuits	Lawsuits related to civil rights	24 CFR 5.609(b)(25)	Civil rights settlements or judgments, including settlements or judgments for back pay.
Reimbursements	Reimbursements from publicly assisted programs	24 CFR 5.609(b)(12)(ii)	Amounts received by a participant in other publicly assisted programs for or in reimbursement of expenses to allow program participation (e.g., special equipment, clothing, transportation, child care, etc.).
Resident Services Stipend	Resident Services Stipend	24 CFR 5.609(b)(12)(iii)	Resident service stipends of \$200 or less per month for performing a part-time service for the PHA that enhances the quality of life in the development.
Employment training programs	Employment training programs	24 CFR 5.609(b)(12)(iv)	Incremental earnings and benefits from training programs HUD and qualifying employment training programs and training of a family member as resident management staff.
FSS	Family Self Sufficiency Account	24 CFR 5.609(b)(27)	Income earned on amounts placed in a family's FSS account.
Housing gap payments	Housing "gap" payments	24 CFR 5.609(b)(23)	Replacement housing "gap" payments to offset increased rent and utility costs to families displaced from one federally subsidized housing unit and another.
Benefits	Deferred Supplemental Security Income, SS income and benefits, or VA disability benefits	24 CFR 5.609(b)(16)	Deferred periodic amounts from: SSI, Supplemental Security Income and benefits or VA disability benefits that are received in a lump sum or prospective monthly amounts.
Property tax rebates	Property Tax Rebates	24 CFR 5.609(b)(18)	Refunds or rebates under state or local law for property taxes paid on the dwelling unit.
Loans	Loan Proceeds	24 CFR 5.609(b)(20)	The net amount disbursed by a lender to a borrower or a third party (e.g., educational institution or car dealership).