

How your rent is calculated:

What is Total Income?

A family's income before any taxes or other exclusions or deductions has been taken out of it.

What Counts as Income?

All amounts, monetary or not, which:

- Go to, or on behalf of, the family head of household or spouse (even if temporarily absent) or to any other family member; and
- Which are not specifically excluded.
- Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

Annual income includes, but is not limited to:

- Social Security benefits [except for PASS plan benefits]
- The full amount, before *any* payroll deductions of wages and salaries, overtime pay, Commissions, fees, tips and bonuses, and other compensation for personal services;
- The net income from the operation of a business or profession, with allowances for capital investment costs.
- Interest, dividends, and other net income of any kind from real or personal property, with allowances for capital investment costs. 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;
- 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.
- Payments in place of earnings, such as unemployment and disability compensation, worker's compensation and severance pay.
- Welfare assistance, TANF, Public Assistance income. [excluding HEAP, Food stamps, and Foster care income]
- Periodic income, such as Alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the unit.

What are Deductions?

- \$480 for each dependent less than 18 years of age or who is a student or person with a disability
- \$400 for head of household 62+ and/or disabled
- Costs for the following in excess of 3% of gross annual family income:
 - Unreimbursed medical expenses of any elderly family or disabled family
 - Unreimbursed reasonable attendant care and auxiliary apparatus expenses for disabled family member(s) to allow family member(s) to work. This deduction may not exceed the income received.
- Any reasonable childcare expenses (children under 13 years old) necessary to enable a member of the family to be employed or to further his or her education.

What is Adjusted Income?

Annual Income – Allowable Income Deductions = Adjusted Income

$$\frac{\text{Total Income}}{\text{medical threshold}} \times 3\% = \frac{\text{Total medical}}{\text{medical threshold}} = \text{medical allowance}$$

$$\frac{\text{Total kids}}{\text{allow. For kids}} \times 480 = \frac{\$400}{\text{Diab. allow.}} + \frac{\text{Medical allow.}}{\text{childcare allow.}} = \text{total deductions}$$

$$\text{Total income} - \text{total deductions} = \text{AGI}$$

$$\frac{\text{AGI}}{\text{Tenant Portion}} \times 30\% = \frac{\text{Tenant portion}}{\text{utility Allow.}} = \text{tenant Rent}$$

Participants under the NHTD program pay 30% of their Adjusted Gross Income for rent. HTFC pays the maximum subsidy amount allowed based on the Payment standard and tenant income.

Example 1: 2 bedroom unit with <u>All Utilities Included</u> (based on an AGI of \$10,000)	Example 2: 2 bedroom unit with <u>No Utilities Included</u> (based on an AGI of \$10,000)		
Contract Rent	\$800	Contract Rent	\$800
Payment standard	\$850	Payment standard	\$850
30% of AGI	\$250	30% of AGI	\$250
Tenant Rent	\$250	Utility allowance	\$90
Subsidy	\$550	Tenant Rent	\$160
		Subsidy	\$640

Note:

You may rent housing with *more* bedrooms than you are qualified for. Your Payment Standard will not change but the utility allowance used will be for the *actual* number of bedrooms in the unit.

You may rent housing with *fewer* bedrooms than you are qualified for. Your Payment Standard will be for that bedroom size, as will your utility allowance. The Local Program Office will not approve a unit which will result in overcrowding of your family.

Participant Obligations regarding income:

- Participants must report all income amounts & sources in writing at the time of initial interview and annual reexamination.
- Participants must report in writing any time there is a decrease in income, so that their subsidy assistance may be reassessed.
- Participants must report in writing whenever a household member moves in or out of their unit.