Calculation of Income and Family Rent Portion for the Housing Choice Voucher Program

This flyer provides a basic overview of how a public housing agency (PHA) determines payment standard and calculates income and the family rent portion for Housing Choice Voucher tenants.

Q What is a payment standard and can I go over that amount?

The payment standard is the maximum monthly amount that the PHA will pay for rent plus utilities. The PHA establishes payment standards according to bedroom size. The payment standard used for a family is the lower of:

- ☑ The payment standard for the family unit size indicated on their voucher OR
- ☑ The payment standard for the size of the unit leased by the family
- ☑ People with disabilities may request a payment standard exception of up to 120% from the PHA as a reasonable accommodation to allow the rental of a unit that meets their disability-related needs.

The payment standard is not a rent limit. In some cases, you can choose a more expensive unit. But you would have to pay the difference.

Q How does the owner get paid under the Housing Choice Voucher Program?

The payment is made of two parts.

- ☑ The PHA will calculate the portion of the rent amount that you will pay the owner. Typically, this will be 30 percent of your family's monthly adjusted income. The exact amount varies depending on which utilities are your responsibility. Typically this amount is referred to as the **Family Rent Portion** or **Total Tenant Payment**.
- ☑ The PHA pays the **Housing Assistance Payment** or HAP. HAP is the difference between the **Family Rent Portion** and either the **gross rent (the cost of rent plus any tenant-paid utilities)** or the **payment standard.**

Q How does the PHA typically determine the Family Rent Portion?

1. The PHA determines your annual income.
2. The PHA determines your annual adjusted income by subtracting any mandated or other deductions.
3. The PHA divides the annual adjusted income by 12 (months) to determine your monthly adjusted income.
4. The PHA will determine which is the highest of
   - The monthly income x 10%
   - The monthly adjusted income x 30%
   - For families receiving welfare, the portion of welfare that is set aside for housing costs (in certain states)

The highest amount will be the Family Rent Portion.

Q How does the PHA determine an annual income?

For initial admissions or recertifications that take place in between annual recertifications—known as interim recertifications—PHAs must use anticipated income (current income) (i.e., the family's estimated income for the upcoming 12-month period).

For annual recertifications, the PHA must determine the family's income from the past 12 months. The PHA will adjust this amount for the recertification to show current income adjustments. Adjustments include changes related to interim recertifications.

PHAs may use income verification from another federal means-tested program such as a public assistance program to verify gross annual income.

Q What is included in my annual income?

To estimate the family's income for the upcoming 12-month period, the PHA will include:

- ☑ All amounts from all sources not excluded in 24 CFR 5.609(b) for each adult family member 18 years or older or the head of household or their spouse.
- ☑ Unearned income by or on behalf of each dependent under 18 years.
- ☑ Income from net family assets with certain exceptions.

Q How is my annual income adjusted?

Adjustments to annual income can include required (also called "mandatory") deductions such as those for dependents, elderly or disabled households. Mandatory deductions can include health and medical care expenses and also reasonable attendant care and auxiliary apparatus expenses. The medical and attendant deductions are for costs you have paid and not been repaid for. They are above certain percentages of the annual income as phased in under certain circumstances or adjusted by hardship exemptions. Another required deduction is for reasonable child-care expenses if a family member needs child care to be able to work or go to school. A PHA might establish additional deductions.

Q How often is family rent portion calculated?

Family rent portion is calculated at move-in and recertification. You must also report changes in income that take place. A household or family should request a PHA review their family's income between annual reviews if there are changes in a family situation or if there is a significant change in income.

Increases in income of 10% or more also require a PHA to review a household's income in an interim recertification. A series of smaller reported increases in adjusted income that equal or exceed 10% will also require a review to assess if the rent needs to be changed. Ask your PHA about any exceptions.

For more HCV tenant resources, visit HCV Applicant and Tenant Resources at https://www.hud.gov/helping-americans/housing-choice-vouchers-tenants.

Contact your local PHA for more information about any additional income included or excluded or additional deductions. To receive deductions or exclusions, you may need to provide proof of eligibility.