

Chapter 6

FACTORS RELATED TO TOTAL TENANT PAYMENT AND FAMILY SHARE DETERMINATION

[24 CFR Part 5, Subparts E and F; 982.153, 982.551]

INTRODUCTION

The PHA will use the methods, as set forth in this Administrative Plan to verify and determine that family income at admission and at annual reexamination is correct. The accurate calculation of Annual Income and Adjusted Income will ensure that families are not paying more or less money for rent than their obligation under the Regulations.

This Chapter defines the allowable expenses and deductions to be subtracted from Annual Income and how the presence or absence of household members may affect the Total Tenant Payment (TTP). Income and TTP are calculated in accordance with 24 CFR Part 5, Subparts E and F, and further instructions set forth in HUD Notices and Memoranda. The formula for the calculation of TTP is specific and not subject to interpretation. The PHA's policies in this Chapter address those areas, which allow the PHA discretion to define terms and to develop standards in order to assure consistent application of the various factors that relate to the determination of TTP.

A. INCOME AND ALLOWANCES [24 CFR 5.609]

Income: Includes all monetary amounts, which are received on behalf of the family. For purposes of calculating the Total Tenant Payment, HUD defines what is to be calculated and what is to be excluded in the federal regulations. In accordance with this definition, all income, which is not specifically excluded in the regulations, is counted.

Annual Income is defined as the gross amount of income anticipated to be received by the family during the 12 months after certification or recertification. Gross income is the amount of income prior to any HUD allowable expenses or deductions, and does not include income, which has been excluded by HUD. Annual income is used to determine whether or not applicants are within the applicable income limits.

Adjusted Income is defined as the Annual income minus any HUD allowable expenses and deductions.

HUD has five allowable deductions from Annual Income:

Dependent Allowance: \$480 each for family members (other than the head or spouse) who are minors, and for family members who are 18 and older who are full-time students or who are disabled.

Elderly/Disabled Allowance: \$400 per family for families whose head or spouse is 62 or over or disabled.

Allowable Medical Expenses: Deducted for all family members of an eligible elderly/disabled family.

Child Care Expenses: Deducted for the care of children under 13 when childcare is necessary to allow an **adult** member to work, attend school, or actively seek employment.

Allowable Disability Assistance Expenses: Deducted for attendant care or auxiliary apparatus for persons with disabilities if needed to enable the individual or an **adult** family member to work.

B. DISALLOWANCE OF EARNED INCOME FROM RENT DETERMINATIONS FOR PERSONS WITH DISABILITIES [24 CFR 5.617; 982.201(b)(3)]

The annual income for qualified families may not be increased as a result of increases in earned income of a family member who is a person with disabilities beginning on the date on which the increase in earned income begins and continuing for a cumulative 12-month period. After the disabled family receives 12 cumulative months of the full exclusion, annual income will include a phase-in of half the earned income excluded from annual income.

A family qualified for the earned income exclusion is a family that is receiving tenant-based rental assistance under the Housing Choice Voucher Program; and

Whose annual income increases as a result of employment of a family member who is a person with disabilities and who was previously unemployed for one or more years prior to employment;

Whose annual income increases as a result of increased earnings by a family member who is a person with disabilities during participation in any economic self-sufficiency or other job training program; or

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 TANF provided that the total amount over a six-month period is at least \$500. The qualifying TANF assistance may consist of any amount of monthly income maintenance, and/or at least \$500 in such TANF benefits and services as one-time payments, wage subsidies and transportation assistance.

The HUD definition of "previously unemployed" includes a person with disabilities who has earned in the previous 12 months no more than the equivalent earnings for working 10 hours per week for 50 weeks at the minimum wage. Minimum wage is the prevailing minimum wage in the State or locality.

The HUD definition of economic self-sufficiency program is: any program designed to encourage, assist, train or facilitate economic independence of assisted families or to provide work for such families. Such programs may include job training, employment counseling, work placement, basic skills training, education, English proficiency, workfare, financial or household management, apprenticeship, or any other program necessary to ready a participant to work (such as substance abuse or mental health treatment).

Qualifying increases are any earned income increases of a family member who is a person with disabilities during participation in an economic self-sufficiency or job training program and not increases that occur after participation, unless the training provides assistance, training or mentoring after employment.

The amount that is subject to the disallowance is the amount of incremental increase in income of a family member who is a person with disabilities. The incremental increase in income is calculated by comparing the amount of the disabled family member's income before the beginning of qualifying employment or increase in earned income to the amount of such income after the beginning of employment or increase in earned income.

Initial Twelve-Month Exclusion

During the cumulative 12-month period beginning on the date a member who is a person with disabilities of a qualified family is first employed or the family first experiences an increase in annual income attributable to employment, the PHA will exclude from annual income of a qualified family any increase in income of the family member who is a person with disabilities as a result of employment over the prior income of that family member.

Second Twelve-Month Exclusion and Phase-in

During the second cumulative 12-month period after the expiration of the initial cumulative 12-month period referred to above, the PHA must exclude from annual income of a qualified family 50 percent of any increase in income of a family member who is a person with disabilities as a result of employment over income of that family member prior to the beginning of such employment.

Maximum Four Year Disallowance

The earned income disallowance is limited to a lifetime 48-month period for each family member who is a person with disabilities. For each family member who is a person with disabilities, the disallowance only applies for a maximum of 12 months of full exclusion of incremental increase, and a maximum of 12 months of phase-in exclusion during the 48-month period starting from the date of the initial exclusion.

If the period of increased income does not last for 12 consecutive months, the disallowance period may be resumed at any time within the 48-month period, and continued until the disallowance has been applied for a total of 12 months of each disallowance (the initial 12-month full exclusion and the second 12-month phase-in exclusion).

No earned income disallowance will be applied after the 48-month period following the initial date the exclusion was applied.

Applicability to Child Care Expense Deductions

The amount deducted for child care necessary to permit employment shall not exceed the amount of employment income that is included in annual income. Therefore, for families entitled to the earned income disallowance, the amounts of the full and phase-in exclusions from income shall not be used in determining the cap for child care deductions.

Tracking the Earned Income Exclusion

The earned income exclusion will be reported on the HUD 50058 form. Documentation will be included in the family's file to show the reason for the reduced increase in rent.

Such documentation will include:

Date the increase in earned income was reported by the family

Name of the family member whose earned income increased

Reason (new employment, participation in job training program, within 6 months after receiving TANF) for the increase in earned income

Amount of the increase in earned income (amount to be excluded)

Date the increase in income is first excluded from annual income

Date(s) earned income ended and resumed during the initial cumulative 12-month * period of exclusion (if any)

Date the family member has received a total of 12 months of the initial exclusion

Date the 12-month phase-in period began

Date(s) earned income ended and resumed during the second cumulative 12-month period (phase-in) of exclusion (if any)

Date the family member has received a total of 12 months of the phase-in exclusion

Ending date of the maximum 48-month (four year) disallowance period (48 months from the date of the initial earned income disallowance)

The PHA will maintain a tracking system to ensure correct application of the earned income disallowance.

Inapplicability to Admission

The earned income disallowance is only applied to determine the annual income of families who are participants in the Housing Choice Voucher Program, and therefore does not apply for purposes of admission to the program (including the determination of income eligibility or any income targeting that may be applicable).

C. MINIMUM RENT [24 CFR 5.616]

Minimum Rent

"Minimum rent" is **\$25**. Minimum rent refers to the Minimum Total Tenant Payment and includes the combined amount a family pays towards rent and/or utilities when it is applied.

Hardship Requests for an Exception to Minimum Rent

The PHA recognizes that in some circumstances even the minimum rent may create a financial hardship for families. The PHA will review all relevant circumstances brought to the PHA's attention regarding financial hardship as it applies to the minimum rent. The following section states the PHA's procedures and policies in regard to minimum rent financial hardship as set forth by the Quality Housing and Work Responsibility Act of 1998. HUD has defined circumstances under which a hardship could be claimed. (24 CFR 5.630)

Criteria for Hardship Exception

In order for a family to qualify for a hardship exception the family's circumstances must fall under one of the following HUD hardship criteria:

The family has lost eligibility or is awaiting an eligibility determination for Federal, State, or local assistance, including a family with a member who is a noncitizen lawfully admitted for permanent residence under the Immigration and Nationality Act, and who would be entitled to public benefits but for Title IV of the Personal Responsibility and Work Opportunity Act of 1996.

The family would be evicted as a result of the imposition of the minimum rent requirement;

The income of the family has decreased because of changed circumstances, including loss of employment, death in the family, or other circumstances as determined by the PHA or HUD

In addition to the HUD hardships, the PHA has added these hardship qualifications:

PHA Notification to Families of Right to Hardship Exception

The PHA will notify all families subject to minimum rents of their right to request a minimum rent hardship exception. "Subject to minimum rent" means the minimum rent was the greatest figure in the calculation of the greatest of 30% of monthly-adjusted income, 10% of monthly income, minimum rent or welfare rent.

The PHA notification will advise families that hardship exception determinations are subject to PHA review and hearing procedures.

The PHA will review all family requests for exception from the minimum rent due to financial hardships.

All requests for minimum rent hardship exceptions are required to be in writing.

The PHA will request documentation as proof of financial hardship.

Requests for minimum rent exception must include a statement of the family hardship that qualifies the family for an exception.

Suspension of Minimum Rent

The PHA will grant the minimum rent exception to all families who request it, effective the first of the following month.

The minimum rent will be suspended until the PHA determines whether the hardship is:

Covered by statute

Temporary or long term

"Suspension" means that the PHA must not use the minimum rent calculation until the PHA has made this decision.

During the minimum rent suspension period, the family will not be required to pay a minimum rent and the housing assistance payment will be increased accordingly.

If the PHA determines that the minimum rent is not covered by statute, the PHA will impose a minimum rent including payment for minimum rent from the time of suspension.

Temporary Hardship

If the PHA determines that the hardship is temporary, a minimum rent will not be imposed for a period of up to 90 days from the date of the family's request. At the end of the temporary suspension period, a minimum rent will be imposed retroactively to the time of suspension.

The PHA will offer a repayment agreement to the family for any such rent not paid during the temporary hardship period. (See "Owner and Family Debts to the PHA" chapter for Repayment agreement policy).

Long-Term Duration Hardships [24 CFR 5.616(c) (3)]

If the PHA determines that there is a qualifying long-term financial hardship, the PHA must exempt the family from the minimum rent requirements for as long as the hardship continues. The exemption from minimum rent shall apply from the first day of the month following the family's request for exemption.

Retroactive Determination

The PHA will reimburse the family for any minimum rent charges which took effect after October 21, 1998 that qualified for one of the mandatory exceptions.

D. DEFINITION OF TEMPORARILY/PERMANENTLY ABSENT

[24 CFR 982.54(d)(10), 982.551]

The PHA must compute all applicable income of every family member who is on the lease, including those who are temporarily absent. In addition, the PHA must count the income of the spouse or the head of the household if that person is temporarily absent, even if that person is not on the lease.

"Temporarily absent" is defined as away from the unit for more than 60 days.

Income of persons permanently absent will not be counted. If the spouse is temporarily absent and in the military, all military pay and allowances (except hazardous duty pay when exposed to hostile fire and any other exceptions to military pay HUD may define) is counted as income.

It is the responsibility of the head of household to report changes in family composition. The PHA will evaluate absences from the unit using this policy.

Absence of Any Member

Any member of the household will be considered permanently absent if s/he is away from the unit for **more than 90 days in a 12 month period** except as otherwise provided in this Chapter.

Absence due to Medical Reasons

If any family member leaves the household to enter a facility such as hospital, nursing home, or rehabilitation center, the PHA will seek advice from a reliable qualified source as to the likelihood and timing of their return. If the verification indicates that the family member will be permanently confined to a nursing home, the family member will be considered permanently absent. If the verification indicates that the family member will return in less than **180** consecutive days, the family member will not be considered permanently absent.

If the person who is determined to be permanently absent is the sole member of the household, assistance will be terminated in accordance with the PHA's "Absence of Entire Family" policy.

Absence Due to Full-time Student Status

Full time students who attend school away from the home will be treated in the following manner:

A student (other than head of household or spouse) who attends school away from home but lives with the family during school recesses may, at the family's choice, be considered either temporarily or permanently absent. If the family decides that the member is permanently absent, income of that member will not be included in total household income, the member will not be included on the lease, and the member will not be included for determination of Voucher size.

Absence due to Incarceration

If the sole member is incarcerated for more than 60 consecutive days, s/he will be considered permanently absent. Any member of the household, other than the sole member, will be considered permanently absent if s/he is incarcerated for 60 days.

The PHA will determine if the reason for incarceration is for drug-related or violent criminal activity.

Absence of Children due to Placement in Foster Care

If the family includes a child or children temporarily absent from the home due to placement in foster care, the PHA will determine from the appropriate agency when the child/children will be returned to the home.

If the time period is to be greater than **180 days** from the date of removal of the child/ren, the Voucher size will be reduced. If all children are removed from the home permanently, the voucher size will be reduced in accordance with the PHA's subsidy standards.

Absence of Entire Family

These policy guidelines address situations when the family is absent from the unit, but has not moved out of the unit. In cases where the family has moved out of the unit, the PHA will terminate assistance in accordance with appropriate termination procedures contained in this Plan.

Families are required both to notify the PHA before they move out of a unit and to give the PHA information about any family absence from the unit.

Families must notify the PHA if they are going to be absent from the unit for more than 90 consecutive days.

If the entire family is absent from the assisted unit for more than **90** consecutive days, the unit will be considered to be vacated and the assistance will be terminated.

HUD regulations require the PHA to terminate assistance if the entire family is absent from the unit for a period of more than 180 consecutive calendar days.

"Absence" means that no family member is residing in the unit.

In order to determine if the family is absent from the unit, the PHA may:

Write letters to the family at the unit

Telephone the family at the unit

Interview neighbors

Verify if utilities are in service

Check with the post office

A person with a disability may request an extension of time as an accommodation, provided that the extension does not go beyond the HUD-allowed 180 consecutive calendar days limit.

If the absence which resulted in termination of assistance was due to a person's disability, and the PHA can verify that the person was unable to notify the PHA in accordance with the family's responsibilities, and if funding is available, the PHA may reinstate the family as an accommodation if requested by the family.

Caretaker for Children

If both parent remains in the household and the appropriate agency has determined that another adult is to be brought into the assisted unit to care for the children for an indefinite period, the PHA will treat that adult as a visitor for the first **30** days.

If by the end of that period, court-awarded custody or legal guardianship has been awarded to the caretaker, the Voucher will be transferred to the caretaker.

If the appropriate agency cannot confirm the guardianship status of the caretaker, the PHA will review the status at **30** intervals.

If custody or legal guardianship has not been awarded by the court, but the action is in process, the PHA will secure verification from social services staff or the attorney as to the status.

The caretaker will be allowed to remain in the unit, as a visitor, until a determination of custody is made.

When the PHA approves a person to reside in the unit as caretaker for the child/ren, the income should be counted pending a final disposition. The PHA will work with the appropriate service agencies and the landlord to provide a smooth transition in these cases.

If a member of the household is subject to a court order that restricts him/her from the home for more than **180** months, the person will be considered permanently absent.

Visitors

Any adult not included on the HUD 50058 who has been in the unit more than **30** consecutive days without PHA approval, or a total of **30** days in a 12-month period, will be considered to be living in the unit as **an unauthorized** household member.

Absence of evidence of any other address will be considered verification that the visitor is a member of the household.

Statements from neighbors and/or the landlord will be considered in making the determination.

Use of the unit address as the visitor's current residence for any purpose that is not explicitly temporary shall be construed as permanent residence.

The burden of proof that the individual is a visitor rests on the family. In the absence of such proof, the individual will be considered an unauthorized member of the household and the PHA will terminate assistance since prior approval was not requested for the addition.

Minors and college students who were part of the family but who now live away from home during the school year and are no longer on the lease may visit for up to **150** days per year without being considered a member of the household.

In a joint custody arrangement, if the minor is in the household less than **183** days per year, the minor will be considered to be an eligible visitor and not a family member.

Reporting Additions to Owner and PHA

Reporting changes in household composition to the PHA is both a HUD and a PHA requirement.

The family obligations require the family to request PHA approval to add any other family member as an occupant of the unit and to inform the PHA of the birth, adoption or court-awarded custody of a child. The family must request prior approval of additional household members in writing. If any new family member is added, the income of the additional member will be included in the family income as applicable under HUD regulations.

If the family does not obtain prior written approval from the PHA, any person the family has permitted to move in will be considered an unauthorized household member.

In the event that a visitor continues to reside in the unit after the maximum allowable time, the family must report it to the PHA in writing within 5 days of the maximum allowable time.

Families are required to report any additions to the household in writing to the PHA within 5 days of the move-in date.

An interim reexamination will be conducted for any additions to the household.

In addition, the lease may require the family to obtain prior written approval from the owner when there are changes in family composition other than birth, adoption or court awarded custody.

Reporting Absences to the PHA

Reporting changes in household composition is both a HUD and a PHA requirement.

If a family member leaves the household, the family must report this change to the PHA, in writing, within 30 days of the change and certify as to whether the member is temporarily absent or permanently absent.

The PHA will conduct an interim evaluation for changes which affect the Total Tenant Payment in accordance with the interim policy.

E. AVERAGING INCOME

When annual income cannot be anticipated for a full twelve months, the PHA may:

**Average known sources of income that vary to compute an annual income,
or**

**Annualize current income and conduct an interim reexamination if income
changes.**

If there are bonuses or overtime, which the employer cannot anticipate for the next twelve months, bonuses and overtime received the previous year will be used.

If, by averaging, an estimate can be made for those families whose income fluctuates from month to month, this estimate will be used so as to reduce the number of interim adjustments. **The method used depends on the regularity, source and type of income.**

F. MINIMUM INCOME

There is no minimum income requirement. Families who report zero income are required to **complete a written certification every 90 days.**

G. INCOME OF PERSON PERMANENTLY CONFINED TO NURSING HOME
[24 CFR 982.54(d)(10)]

If a family member is permanently confined to a hospital or nursing home and there is a family member left in the household, the PHA will calculate the income by using the following methodology and use the income figure which would result in a lower payment by the family:

- 1. Exclude the income of the person permanently confined to the nursing home and give the family no deductions for medical expenses of the confined family member.**

OR

Include the income of the person permanently confined to the nursing home and give the family the medical deductions allowable on behalf of the person in the nursing home.

H. REGULAR CONTRIBUTIONS AND GIFTS [24 CFR 5.609]

Regular contributions and gifts received from persons outside the household are counted as income for calculation of the Total Tenant Payment.

Any contribution or gift received every **three** months or more frequently will be considered a "regular" contribution or gift, unless the amount is less than **\$300** per year. This includes rent and utility payments made on behalf of the family and other cash or non-cash contributions provided on a regular basis. It does not include casual contributions or sporadic gifts. (See "Verification Procedures" chapter for further definition.)

If the family's expenses exceed its known income, the PHA will inquire of the family regarding contributions and gifts.

I. ALIMONY AND CHILD SUPPORT [24 CFR 5.609]

Regular alimony and child support payments are counted as income for calculation of Total Tenant Payment.

If the amount of child support or alimony received is less than the amount awarded by the court, the PHA will use the amount awarded by the court unless the family can verify that they are not receiving the full amount and verification of item(s) below are provided.

The PHA will accept verification that the family is receiving an amount less than the award if:

The PHA receives verification from the agency responsible for enforcement or collection.

The family furnishes documentation of child support or alimony collection action filed through a child support enforcement/collection agency, or has filed an enforcement or collection action through an attorney.

J. LUMP-SUM RECEIPTS [24 CFR 5.609]

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, are not included in income but may be included in assets.

Lump-sum payments caused by delays in processing periodic payments such as unemployment or welfare assistance are counted as income. Lump sum payments from Social Security or SSI are excluded from income, but any amount remaining will be considered an asset. Deferred periodic payments, which have accumulated due to a dispute, will be treated the same as periodic payments, which are deferred due to delays in processing.

In order to determine amount of retroactive tenant rent that the family owes as a result of the lump sum receipt:

The PHA uses a calculation method which calculates retroactively, or prospectively depending on the circumstances.

Prospective Calculation Methodology

If the payment is reported on a timely basis, the calculation will be done prospectively and will result in an interim adjustment calculated as follows:

The entire lump-sum payment will be added to the annual income at the time of the interim.

The PHA will determine the percent of the year remaining until the next annual recertification as of the date of the interim.

At the next annual recertification, the PHA will apply the percentage balance to the lump sum and add it to the rest of the annual income.

The lump sum will be added in the same way for any interims that occur prior to the next annual recertification.

If amortizing the payment over one year will cause the family hardship, the PHA and family may enter into a Payment Agreement, with the approval of the Section 8 Director, for the balance of the amount. The beginning date for this Payment Agreement will start as soon as the one-year is over.

Retroactive Calculation Methodology

The PHA will go back to the date the lump-sum payment was received, or to the date of admission, whichever is closer.

The PHA will determine the amount of income for each certification period, including the lump sum, and recalculate the tenant rent for each certification period to determine the amount due the PHA.

The family must pay this "retroactive" amount to the PHA.

At the PHA's option, the PHA may enter into a Payment Agreement with the family.

The amount owed by the family is a collectible debt even if the family becomes unassisted.

Attorney Fees

The family's attorney fees may be deducted from lump-sum payments when computing annual income if the attorney's efforts have recovered a lump-sum compensation, and the recovery paid to the family does not include an additional amount in full satisfaction of the attorney fees.

K. CONTRIBUTIONS TO RETIREMENT FUNDS - ASSETS [24 CFR 5.603(d)]

Contributions to company retirement/pension funds are handled as follows:

While an individual is employed, count as assets only amounts the family can withdraw without retiring or terminating employment.

After retirement or termination of employment, count any amount the employee elects to receive as a lump sum.

L. ASSETS DISPOSED OF FOR LESS THAN FAIR MARKET VALUE

[24 CFR 5.603(d)(3)]

The PHA must count assets disposed of for less than fair market value during the two years preceding certification or reexamination. The PHA will count the difference between the market value and the actual payment received in calculating total assets.

Assets disposed of as a result of foreclosure or bankruptcy are not considered to be assets disposed of for less than fair market value. Assets disposed of as a result of a divorce or separation are not considered to be assets disposed of for less than fair market value.

*** The PHA's minimum threshold for counting assets disposed of for less than Fair Market value is \$5,000.00. If the total value of assets disposed of within a one-year period is less than \$5,000.00 they will not be considered an asset.**

M. CHILD CARE EXPENSES [24 CFR 5.603]

Child care expenses for children under 13 may be deducted from annual income if they enable an adult to work or attend school, or to actively seek employment.

In the case of a child attending private school, only before and after-hours care can be counted as child care expenses.

In cases where an adult family member is available to provide child care:

Child care expenses will not be allowed as a deduction unless there is a documented reason that the family member is unable to care for the child.

Child care expenses will be allowed as a deduction when the family chooses a non-family member provider.

Allow ability of deductions for child care expenses is based on the following guidelines:

Child care to work: The maximum child care expense allowed cannot exceed the amount earned by the person enabled to work which is included in the family's annual income. * **The "person enabled to work" will be the adult member of the household who earns the least amount of income from working.**

Child care for school: The number of hours claimed for child care may not exceed the number of hours the family member is attending school, including reasonable travel time to and from school.

Amount of Expense: The PHA will survey the local care providers in the community/collect data as a guideline. **If the hourly rate materially exceeds the guideline, the PHA may calculate the allowance using the guideline.**

N. MEDICAL EXPENSES [24 CFR 5.609(a)(2), 5.603]

When it is unclear in the HUD rules as to whether or not to allow an item as a medical expense, IRS Publication 502 will be used as a guide.

Nonprescription medicines must be doctor-recommended in order to be considered a medical expense.

O. PRORATION OF ASSISTANCE FOR "MIXED" FAMILIES [24 CFR 5.520]

Applicability

Proration of assistance must be offered to any "mixed" applicant or participant family. A "mixed" family is one that includes at least one U.S. citizen or eligible immigrant and any number of ineligible members.

Prorated Assistance Calculation

Prorated assistance is calculated by determining the amount of assistance payable if all family members were eligible and multiplying by the percent of the family members who actually are eligible. Calculations for each housing program are performed on the HUD 50058 form.

P. INCOME CHANGES RESULTING FROM WELFARE PROGRAM REQUIREMENTS

The PHA will not reduce the rental contribution for families whose welfare assistance is reduced specifically because of:

fraud by a family member in connection with the welfare program; or
failure to participate in an economic self-sufficiency program; or
noncompliance with a work activities requirement

However, the PHA will reduce the rental contribution if the welfare assistance reduction is a result of:

The expiration of a lifetime time limit on receiving benefits; or

A situation where a family member has not complied with other welfare agency requirements; or

A situation where a family member has complied with welfare agency economic self-sufficiency or work activities requirements but cannot or has not obtained employment, such as the family member has complied with welfare program requirements, but the durational time limit, such as a cap on the length of time a family can receive benefits, causes the family to lose their welfare benefits.

Imputed welfare income is the amount of annual income not actually received by a family as a result of a specified welfare benefit reduction that is included in the family's income for rental contribution.

Imputed welfare income is not included in annual income if the family was not an assisted resident at the time of sanction.

The amount of imputed welfare income is offset by the amount of additional income a family receives that begins after the sanction was imposed.

When additional income is at least equal to the imputed welfare income, the imputed welfare income is reduced to zero.

Verification Before Denying a Request to Reduce Rent

The PHA will obtain written verification from the welfare agency stating that the family's benefits have been reduced for fraud or noncompliance with economic self-sufficiency or work activities requirements *before* denying the family's request for rent reduction.

The welfare agency, at the request of the PHA, will inform the PHA of:

- amount and term of specified welfare benefit reduction for the family;
- reason for the reduction; and
- subsequent changes in term or amount of reduction.

Cooperation Agreements

*** The PHA has a written cooperation agreement in place with the local welfare agency which assists the PHA in obtaining the necessary information regarding welfare sanctions.**

*** The PHA and the local welfare agency have mutually agreed to notify each other of any economic self-sufficiency and/or other appropriate programs or services that would benefit Section 8 and public housing residents.**

Q. UTILITY ALLOWANCE AND UTILITY REIMBURSEMENT PAYMENTS [24 CFR 982.153, 982.517]

The same Utility Allowance Schedule is used for all tenant-based programs.

The utility allowance is intended to cover the cost of utilities not included in the rent. The allowance is based on the typical cost of utilities and services paid by energy-conservative households that occupy housing of similar size and type in the same locality. Allowances are not based on an individual family's actual energy consumption.

The PHA's utility allowance schedule, and the utility allowance for an individual family, must include the utilities and services that are necessary in the locality to provide housing that complies with the housing quality standards.

The PHA may not provide any allowance for non-essential utility costs, such as costs of cable or satellite television.

The PHA must classify utilities in the utility allowance schedule according to the following general categories: space heating, air conditioning cooking, water heating, water, sewer, trash collection; [other electric,] refrigerator (for tenant supplied refrigerator), range (cost of tenant-supplied range); and other specified services.

An allowance for tenant-paid air conditioning will be provided in those cases where the majority of housing units in the market have central air conditioning or are wired for tenant installed air conditioners [24 CFR 982.517.

The approved utility allowance schedule is given to families along with their Voucher. The utility allowance is based on the actual unit size selected.

Where families provide their own range and refrigerator, the PHA will establish an allowance adequate for the family to purchase or rent a range or refrigerator, even if the family already owns either appliance. Allowances for ranges and refrigerators will be based on the lesser of the cost of leasing or purchasing the appropriate appliance over a 12-month period.

Where the calculation on the HUD 50058 results in a utility reimbursement payment due the family [24 CFR 982.514(b)], the PHA will provide a utility reimbursement payment for the family each month. The check will be made out:

Directly to the tenant