8.0 TTP, Family Share, and Tenant Rent

The Total Tenant Payment (TTP) is the minimum amount that a voucher household is required to pay toward rent and utilities, regardless of the unit selected. In Pensacola Housing's jurisdiction, TTP is the greater of:

- 30 percent of monthly adjusted income;
- 10 percent of monthly gross income; or
- Pensacola Housing's minimum rent (see Section 8.3).

Family share is the actual amount the family pays toward rent and utilities (with the utility cost based on Pensacola Housing's utility allowance, not on the family's actual utility bills). If the family selected a unit where the gross rent is higher than the payment standard, then the family share will be higher than the TTP.

Tenant rent is the portion of the contract rent paid by the assisted family.

TTP will be the same regardless of the unit selected, whereas family share and tenant rent are dependent on the characteristics of the specific unit.

Pensacola Housing will use the methods set forth in this Administrative Plan to determine and verify family income at admission and at annual reexamination. The accurate calculation of annual income and adjusted income will ensure that families do not pay more or less toward rent and utilities than required under the regulations.

This chapter defines the allowable expenses and deductions to be subtracted from annual income in calculating the TTP.

Income and TTP are calculated in accordance with 24 CFR Part 5, Subparts E and F, and the instructions set forth in HUD notices and memoranda. Pensacola Housing's policies in this chapter address those areas that give the PHA discretion in defining terms and standards that relate to the determination of TTP.

8.1 Income and Allowances [24 CFR 5.609, 24 CFR 5.611]

Determinations of program eligibility and TTP for the HCV program require that the applicant or participant family's annual income be computed at least annually.

For the purpose of the voucher program, "income" means all amounts, monetary or not, that go to or are on behalf of the family head, co-head, or spouse (even if temporarily absent) or to any other family member, or all amounts anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date.

“Annual income” is not restricted to earned income. For the purpose of calculating the TTP, the full definition of annual income, including income exclusions, is found at 24 CFR 5.609. In accordance with this definition, all income that is not specifically excluded by the regulations is counted.

Annual income is the gross income anticipated to be received by all family members in the 12 months following certification or recertification. Annual income is used to determine whether applicants are income-eligible for the program, and if so, whether they are at the very low income or extremely low income level.

“Gross income” is the amount of income prior to any HUD mandated expenses or deductions. “Adjusted income” is annual income minus any HUD mandated allowances and deductions.

HUD authorizes the following mandatory deductions from annual income:

1. **Dependent allowance**: $480 for each family member who is a minor, and for family members who are 18 and older who are full-time students or who are disabled. The head of household, co-head or spouse, foster children, and foster adults are not eligible for the dependent allowance.
2. **Elderly/disabled household allowance**: $400 per family for families whose head, co-head or spouse is 62 or over or disabled.
3. **Child care allowance**: Reasonable unreimbursed child care expenses for the care of children age 12 and under, including foster children, may be deducted from earned income if they enable an adult household member to work, to attend school, or to actively seek employment. The child care allowance cannot exceed the income earned by the family member who is able to work because of the expense.
4. **Medical expense allowance**: Elderly and disabled households may present unreimbursed, out of pocket medical expenses anticipated to be incurred during the 12 months following the initial lease up or annual recertification. Medical expenses for all family members, not just the elderly or disabled persons, may be included in this calculation. Pensacola Housing estimates these expenses by reviewing the elderly/disabled family’s out of pocket medical expenses for the 12 months prior to the review. After calculating the expenses, Pensacola Housing will deduct any amount in excess of three percent of the gross annual family income.
   Note: If the family is also eligible for a disability expense allowance, the three percent calculation is only applied one time, not to both types of allowances individually.
5. **Disability expense allowance**: Families that include one or more disabled persons are entitled to a deduction for unreimbursed expenses, including care attendants and auxiliary apparatus, that enable any family member 18 years of age or older to be employed. The family member who is employed may be the disabled person requiring the expense, or a different family member. This allowance is equal to the amount by which the cost of the care attendant or auxiliary apparatus exceeds three percent of gross annual family income. Note that if the family is also eligible for a medical expense allowance, the three percent calculation is only applied one time,

not to both types of allowances individually. In addition, the disability expense allowance cannot exceed the income earned by the family member who is able to work because of the expense.

8.2 Disallowance of Earned Income for Persons with Disabilities [24 CFR 5.617]

For purposes of rent determination, under certain circumstances HUD mandates that the annual income for participant families will not be increased as a result of increases in earned income of a family member who is disabled. This exclusion of income shall begin on the date on which the increase in earned income begins and shall continue for a cumulative 12-month period. After the disabled family receives 12 cumulative months of the exclusion, the annual income will include a phase-in of the increase in earned income previously excluded from annual income.

To qualify for the earned income exclusion, the increase in annual income for the participant family must be a result of:

1. Employment of a family member who is a person with disabilities, and who was previously unemployed for one or more years prior to employment;
2. 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
3. New employment or increased earnings of a family member who is a person with disabilities, during or within six months after receiving assistance, benefits or services under any state program for Temporary Assistance for Needy Families (TANF), provided that the total amount over a six-month period is at least $500.00.

“Previously unemployed” includes a person with disabilities who has earned in the previous 12 months no more than the equivalent of working 10 hours per week for 50 weeks at the state minimum wage.

An 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 classes, apprenticeship, or any other program necessary to ready a participant to work.

Amounts to be excluded include any increases in earned income by a family member who is disabled during participation in an economic self-sufficiency or job training program, but not increases that occur after participation in the program, unless the program provides assistance, training or mentoring after employment.

The amount of TANF received in the six-month period includes monthly income and such benefits and services as one-time payments, wage subsidies and transportation assistance.

The amount of income that may be excluded is the amount of the incremental increase in the disabled family member's income. The incremental increase in income is calculated by comparing the amount of the disabled family member's income before beginning the qualifying employment or receiving the increase in earned income to the amount of income after beginning the employment or receiving the increase.

8.2.1 Initial 12-Month Exclusion

During the 12-month period beginning on the date the disabled family member is first employed or experiences an increase in earned income as described in Section 8.2, 100% of the increase in earned income will be excluded from gross annual income.

8.2.2 Second 12 Month Phase-in Exclusion

Upon the expiration of the initial 12-month exclusion period, Pensacola Housing will exclude 50% of the increase in earned income for the subsequent 12 months.

8.2.3 Maximum Exclusion Period

The earned income disallowance is limited to a lifetime 24-month period for each disabled family member; that is, the disallowance applies for a maximum of 12 months of full exclusion of the incremental increase, and then a maximum of 12 months of phase-in exclusion, during the 24-month period after the date of the initial exclusion.

Prior to April 7, 2016, the maximum exclusion period for the earned income disallowance was 48 months. Although only 24 months of earned income could be excluded for each disabled family member, the 24 months of exclusion could take place over a 48-month period, meaning gaps in employment could be incorporated into the exclusion period.

Pensacola Housing will honor the 48-month exclusion period for any disabled participant whose increase in earned income took effect prior to April 7, 2016. For all other participants, the 24-month maximum exclusion period will apply.

8.2.4 Applicability to Child Care and Disability Assistance Expense Allowances

Federal regulations state that the amounts deducted for child care and disability assistance expenses necessary to permit employment cannot exceed the amount of earned income that results from those expenses. Therefore, for participants with a disabled family member who is entitled to the earned income disallowance, the amounts of the full and phase-in exclusions from income will not be used in determining the cap for child care and disability assistance expense allowances.

8.2.5 Tracking the Earned Income Exclusion

The earned income exclusion will be reported on the HUD Form 50058. Documentation will be included in the family's file to show the reason for the income exclusion. Such documentation will include:

1. Date the increase in earned income took effect and date it was reported by the family;
2. Name of the family member whose earned income increased;
3. Reason (new employment, participation in job training program within six months after receiving TANF) for the increase in earned income;
4. Amount of the increase in earned income (that is, the amount to be excluded);
5. Date the increase in income is first excluded from annual income;
6. Date(s) earned income ended and resumed (if any) during the initial 12-month period of exclusion;
7. Date the family member has received a total of 12 months of the initial exclusion;
8. Date the 12-month phase-in period began;
9. Date(s) earned income ended and resumed during the second cumulative 12-month period (phase-in) of exclusion (if any);
10. Date the family member has received a total of 12 months of phase-in exclusion; and
11. Ending date of the maximum 24-month disallowance period (or, for increases in earned income that took effect prior to April 7, 2017, ending date of the 48-month disallowance period).

Pensacola Housing will apply the earned income disallowance at a family's annual review or with an interim review, conditional on the date the income increase began.

8.2.6 Inapplicability at Admission

The earned income disallowance is only applied to determine annual income of families who are participants in the HCV 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).

8.3 Minimum Rent [24 CFR 5.630]

Pensacola Housing has established a minimum rent of $50 for participants in its HCV programs. Minimum rent refers to the Total Tenant Payment, not the tenant rent, and means that Pensacola Housing expects program participants to pay a minimum of $50 toward utilities and/or rent.

The minimum rent applies to all participants of Pensacola Housing's HCV program; however, other standards may apply for residents of certain properties assisted by project-based vouchers, as described in Chapter 6.

8.3.1 Hardship Waivers for Minimum Rents

Any household subject to the minimum rent may petition for a temporary or long-term hardship waiver for one of the following reasons:

1. A recent death in the immediate family has occurred and no income was received into the household the previous month.

2. The household's out-of-pocket medical expenses equal or exceed 50% of the gross household income, and calculated rent, minus utility estimate if applicable, would be less than $50.
3. The household has lost federal, state or local government assistance or is waiting for an eligibility determination, and no income was received into the household the previous month.
4. The household income has decreased due to a change in circumstances, such as loss of employment, and no income was received into the household the previous month.

Pensacola Housing shall promptly make a determination whether the hardship is short-term or long-term.

If Pensacola Housing determines that the hardship is short-term, it may grant a temporary hardship waiver for up to 90 days. At the end of the 90 day period, the family must repay the foregone rent for the previous 90 days as well as begin making payments of $50 from that point forward. The family may request a payment plan for the deferred rent from the hardship period.

If Pensacola Housing determines that there is a long-term hardship, the family will be exempt from the Minimum TTP requirement until the hardship no longer exists.

8.4 Annualization of Variable Income [24 CFR 5.609 (d)]

Many participants in Pensacola Housing's HCV programs have seasonal, cyclical, or intermittent income, meaning income can vary greatly from month to month, and recent check stubs may not be an accurate indicator of the next 12 months' worth of income, which Pensacola Housing must predict during the annual review. In such situations, looking at past income over time may be the best indicator of expected future income.

For clients with variable income, PHAs may either average known sources of income that vary over time to compute an accurate annual income, or annualize the current income during the annual review, then later conduct an interim reexamination when income changes. The latter policy, however, can lead to a need for excessive interim adjustments.

Therefore, to reduce administrative burden for participants with variable income, whenever possible Pensacola Housing will review the average past income over time to compute an accurate annual income.

The methods used to annualize variable income will depend on the regularity, sources, and types of income. Several methods may be used concurrently to arrive at the most accurate prediction of future income. Pensacola Housing's preferred methods for annualizing income will follow the order of HUD's preferred methods for verifying income:

1. If available, Pensacola Housing will review 4 quarters' of income verification from the seasonal/cyclical employer in the EIV system;

2. If EIV doesn't include 4 quarters' worth of income information, Pensacola Housing will review the year-to-date wage totals from check stubs from the current and most recent past calendar year, if available, and attempt to annualize from that source;
3. Tax return for the most recent calendar year;
4. Third-party verbal verification;
5. Self-certification/self-declaration.

Participants whose past income is annualized will be counseled at the annual interview regarding the income calculation method used and the effect this will have on their tenant rent.

Pensacola Housing will continue to perform interim reexaminations for participants with annualized variable income when they experience changes in other income sources; if their employment with the source of the variable income terminates; or if there is a change in their employment status resulting in a reduction in annualized income, or an increase in annualized income of $2,400 or more a year.

8.4.1 Overtime and Bonuses

If a participant anticipates overtime or bonus pay during the next 12 months, but the employer cannot provide an estimate, overtime and bonuses received the previous year will be used.

8.5 Minimum Income / Zero Reported Income

There is no minimum income requirement for the HCV program. However, families who report zero income are required to report to Pensacola Housing in writing any new income within 10 business days of the receipt of the income. Pensacola Housing may put households reporting zero income on an accelerated recertification cycle, reviewing household income on a monthly or quarterly basis until household income sources are reported.

Families that report zero income (or any income lower than appears necessary to sustain the family) will be required to provide information regarding their means of basic subsistence, such as food, utilities, transportation, etc. If the family's likely expenses exceed their known income, Pensacola Housing will make inquiry of the head of household as to the nature of the family's accessible resources. Pensacola Housing may also require releases from the family to perform additional verifications, including requesting tax data from the IRS and/or conducting a credit check for the household, to determine whether the reported income and family composition is consistent with the household's credit relationships and expenditures.

8.6 Regular Contributions and Gifts [24 CFR 5.609 (c, 2)]

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

Any contribution or gift received reliably or periodically will be considered a "regular" contribution or gift. 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 Chapter 10, Verification Procedures, for more information.)

8.7 Alimony, Palimony, and Child Support [24 CFR 5.609 (b, 7)]

Regular alimony, palimony, and child support payments are counted as income for calculation of TTP.

If the family claims the amount of child support, alimony or palimony received is less than the amount awarded by the court, Pensacola Housing will use the amount awarded by the court unless the family can provide third-party documentation confirming the actual payments received.

In households where alimony or palimony is received as household income, it is the family's responsibility to supply a certified copy of the court order or decree.

If child support payments received by a household vary from month to month, Pensacola Housing will review statements from the enforcement agency and annualize based on whatever frequency makes most sense (Weekly, B-Weekly, Monthly, etc).

8.8 Lump-Sum Payments Counted as Assets [24 CFR 5.609 (c, 3)]

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 considered household income, but may be counted as assets.

Any lump-sum additions that are counted as assets will only be counted at a family's annual review, unless the family reported zero income at the time of their last review, in which case the cash value of the lump-sum amount will be added as an asset during an interim review.

Lump-sum payments from Social Security or SSI are excluded from income, but must be disclosed, and may be treated as an asset if appropriate.

8.9 Lump-Sum Payments Counted as Income [24 CFR 5.609 (b, 4)]

Lump-sum payments caused by delays in processing periodic payments such as unemployment or welfare assistance are counted as income.

Deferred periodic payments (excluding SS or SSI benefits) that 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 the amount of retroactive tenant rent that the family owes as a result of receipt of a lump-sum payment of a type that counts as income, Pensacola Housing may use a calculation method that calculates prospectively, or one that calculates retroactively, depending on the circumstances.

8.9.1 Prospective Calculation Methodology

This method is used at interims being done for households that previously showed zero income, or for households who report the lump-sum receipt for the first time during their annual reexamination.

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

For annuals:

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

For interims:

1. Pensacola Housing will determine the percent of the year remaining until the next annual recertification as of the date of the interim;
2. At the next annual recertification, Pensacola Housing will apply the percentage balance to the lump-sum and add it to the rest of the annual income; and
3. The lump-sum will be added in the same way for any interims that occur prior to the next annual recertification.

8.9.2 Retroactive Calculation Methodology

This method is used for non-zero income families who report the lump-sum receipt at their annual review but where the actual receipt occurred between annual reexaminations.

Pensacola Housing will go back to the date the lump-sum payment was received, determine the amount of income for the certification period, including the lump sum, and recalculate the tenant rent for the certification period to determine the amount due Pensacola Housing.

Pensacola Housing will enter into a repayment agreement with the family, unless the family confirms they are able to pay the retroactive amount with a single payment.

The amount owed by the family is a collectible debt even if the family’s assistance is terminated.

8.9.3 Attorney Fees

If the family hired an attorney to assist in recovering a lump-sum compensation, and the recovery paid to the family does not include an additional amount in full satisfaction of the attorney fees, then the family's attorney fees may be deducted from the lump-sum payment.

8.10 Income from Trusts [24 CFR 5.603 (b)]

In cases where a trust fund has been established and the trust is not revocable by, or under the control of, any member of the household, the value of the trust fund will not be considered an asset so long as the fund continues to be held in trust. Any income distributed from the trust fund shall be counted when determining annual income under 24 CFR 5.609.

Pensacola Housing will exclude costs to maintain the trust when determining annual income derived from a trust fund. Trust distributions that are used solely to pay costs of maintaining the trust shall not be considered income to the family.

8.11 Retirement Accounts and Pension Funds

Company retirement/pension funds are handled as follows:

1. While an individual is employed, only the amount the family can withdraw without retiring or terminating employment, if any, shall be counted as an asset;
2. After retirement or termination of employment, any amount the employee elects to receive as a lump-sum shall be counted as an asset; and
3. Any retirement benefits received through periodic payments shall be included in annual income.

8.12 Assets Disposed of for Less Than Fair Market Value [24 CFR 5.603 (b, 3)]

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

Assets disposed of for less than fair market value as a result of foreclosure, bankruptcy, divorce, or separation are not included in this calculation.