

# **TENANT RENT CALCULATIONS FOR CERTAIN HUD MCKINNEY ACT PROGRAMS**

---

*Directive Number: 96-3*

---

U.S. Department of Housing and Urban Development  
Office of Community Planning and Development

Special Attention of:

Notice CPD-96-03

Secretary's Representatives  
CPD Directors  
Grant Recipients

Issued: March 22, 1996

Expires: March 22, 1997

Cross References:

Subject: TENANT RENT CALCULATIONS FOR CERTAIN HUD MCKINNEY ACT PROGRAMS

## 1. Purpose.

This Notice replaces Notice CPD-91-11 issued on April 11, 1991, and provides guidance for recipients under the following HUD programs:

- o Supportive Housing Demonstration Program (SHDP). Tenant rental payments in the amount specified in section 3 below are required. [24 CFR 577.320; 578.320.](#)
- o Supportive Housing Program (SHP). At the recipient's discretion tenant rent may be charged but may not exceed the amount specified in section 3 below. [24 CFR 583.315.](#)
- o Shelter Plus Care (S+C). Tenant rental payments in the amount specified in section 3 below are required. [24 CFR 582.310.](#)
- o Section 8 Moderate Rehabilitation Program for Single Room Occupancy for Homeless Individuals (SRO). Tenant rental payments in the amount specified in section 3 below are required. [24 CFR 882.808.](#)

This Notice:

- o defines income,
- o specifies items that must be excluded from income,
- o specifies allowable adjustments to income,

DESM: Distribution: W-3-1, Special (CPD Field Office Directors)

- o provides a sample worksheet for calculating adjusted income and determining the amount of resident rent, and
- o provides additional information in the question and answer section on specific topics such as how to handle income received from training programs funded by HUD.

## 2. Background.

The McKinney Act ([42 U.S.C. 11301](#)) as amended by the Housing and Community Development Act of 1992 (Public Law 102-550; approved October 28, 1992) established numerous programs to serve homeless persons, including SHDP, SHP, S+C, SRO, Emergency Shelter Grants (ESG) and Supplemental Assistance for Facilities to Assist the Homeless (SAFAH) ESG and SAFAH have no statutory provisions regarding rent payments. Therefore, they are not subject to this Notice. The Act also establishes the Safe Havens for Homeless Individuals Demonstration and Rural Homeless Housing Assistance programs. Because these two programs have neither received specific funding from Congress nor have had regulations issued for them by HUD, they, too, are not subject to the terms of this Notice.

Each of the programs subject to this Notice has its own treatment of family and disability which must be used when making income and rent determinations. Further, some programs have slightly different eligibility standards. See Attachment A to this Notice which contains a list of the relevant definitions as they apply to each program year. Beginning in 1993, all grant agreements have a copy of the applicable regulations as an Attachment A, which controls, notwithstanding future changes made to those regulations. As a result, starting with grants awarded in 1993, you should refer to that year's grant agreement form to identify the appropriate definitions. This does not apply to the SRO program because the obligating instrument for the program is an Annual Contributions Contract (ACC), not a grant agreement and the ACC does not contain the applicable program regulations as an attachment.

The term "resident" as used in this Notice means either homeless individual or an eligible person, either of which is residing in a facility operated under one of the programs subject to this Notice. These terms are defined by the program regulations for the particular program. The term "recipient" as used in this Notice means the organization responsible to HUD for administering any of the programs discussed in section 1 above. However, in SRO and the SRO component of S+C, if the recipient is not a PHA, it subcontracts with a PHA which is responsible for rent calculations.

## 3. Calculating Rent Payments/Worksheet.

- a. Resident Rent. To determine the appropriate rent payment, the following steps should be taken:
  - (1) Calculate 10 percent of monthly gross income. Determine whether the resident has income. The types of income listed in section 4a include the most common sources. Exclude any income that is from a source listed in section 4b. Total all eligible income to determine annual gross income, divide by 12 to determine monthly income, and then multiply by .1 to get 10 percent.
  - (2) Calculate 30 percent of monthly adjusted income. Deduct the items listed in section 5 from the resident's annual gross income to determine annual adjusted income, divide by 12 to determine monthly adjusted income, and multiply by 3 to get 30 percent.

- (3) Determine whether the conditions are present to consider a welfare rent, and if so, determine the amount. If the resident receives public assistance and you are unsure whether a welfare rent applies, check with the HUD Field Office's Public Housing Division or the closest Public Housing Agency.
- (4) Determine which of the above three items is highest. This is the amount of total resident payment, except for SHP. For SHP, the recipient may allow residents to pay a lesser amount, or no rent, if it so chooses. However, for SRO and SRO of S+C, Public Law No. 104-99, requires that in Fiscal Year 1996, the total tenant payment (TPP) must be the greatest of: 30 percent of family monthly adjusted income; 10 percent of family monthly income; or, \$25 or a higher minimum amount set by the housing agency up to \$50.

b. Worksheet. An optional worksheet is attached (See Attachment B) which can be used to perform the four steps specified above. The worksheet begins with annual gross income.

#### 4. Determining Annual Gross Income.

a. Income that must be included. For purposes of determining resident rent, annual gross income is the total income of all family members, excluding any employment income of children under age 18, from all sources anticipated to be received in the 12-month period following the effective date of the income certification.

As noted below, with respect to minors, income other than that from employment must be included. Please note that in S+C, unrelated persons can constitute a family and that the income of all adults living in the unit must be included in annual gross income. The information in section 4a and 4b is contained in 24 CFR 813.106, Annual Income, Interim Rule published in the Federal Register on April 5, 1995 (60 FR 17388). Annual gross income includes, but is not limited to:

- (1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- (2) The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including lump sum payment for delayed start of a periodic payment, but see section 4b(3) below;
- (3) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (but see section 4b(3) below);
- (4) Welfare assistance. Welfare or other payments to families or individuals, based on need, that are made under programs funded, separately or jointly, by Federal, State or local governments (e.g., Aid to Families with Dependent Children (AFDC) , Supplemental Security Income (551), and general assistance available through state welfare programs);

- (5) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;
  - (6) Net income from the operation of a business or profession;
  - (7) Interest, dividends, and other net income of any kind from real or personal property;
  - (8) All regular pay, special pay and allowances of a member of the Armed Forces, except special hostile fire pay.
- b. Income that must be excluded. Annual gross income does not include:
- (1) Income from employment of children (including foster children) under the age of 18 years;
  - (2) Payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone);
  - (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 (but see section 4a(3) above);
  - (4) Amounts received by the family, that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
  - (5) Income of a live-in aide as defined in Sec. 813.102;
  - (6) The full amount of student assistance paid directly to the student or to the educational institution;
  - (7) Amounts received under training programs funded by HUD;
  - (8) Amounts received by a disabled person that are disregarded for a limited time for purposes of SSI income eligibility and benefits because they are set aside for use under a Plan for Achieving Self-Support (PASS); or
  - (9) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
  - (10) A resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring lawn maintenance, and resident initiatives coordination. No resident may receive

more than one such stipend during the same period of time;

- (11) Compensation from state or local employment training programs and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for a limited period as determined in advance;
- (12) Temporary, nonrecurring or sporadic income (including gifts);
- (13) For all initial determinations and reexaminations of income carried out on or after April 23, 1993, reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
- (14) Earnings in excess of \$480 for each full time student 18 years old or older (excluding the head of household and spouse);
- (15) Adoption assistance payments in excess of \$460 per adopted child;
- (16) Deferred periodic payments of SSI income and social security benefits;
- (17) Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;
- (18) Amounts paid by a State agency to a family with a developmentally disabled family member living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home;
- (19) Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that included assistance under the U.S. Housing Act of 1937.
  - (a) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017(b));
  - (b) Payments to volunteers under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 5044 , 5058) ;
  - (c) Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626);
  - (d) Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e);
  - (e) Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy

- Assistance Program (42 U.S.C. 8624 (f));
- (f) Payments received under programs funded in whole or in part under the Job Training Partnership Act (29 U.S.C. 1552(b));
  - (g) Income derived from the disposition of funds of the Grand River Band of Ottawa Indians (Pub.L. 94-540, 90 Stat. 2503-2504);
  - (h) The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims (25 U.S.C. 1407-1408) or from funds held in trust for an Indian tribe by the Secretary of the Interior (25 U.S.C. 117);
  - (i) Scholarships funded under Title IV of the Higher Education Act of 1965 including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs that are made available to cover the costs of tuition, fees, books, equipment, materials, supplies, transportation, and miscellaneous personal expenses of a student at an educational institution (20 U.S.C. 1087uu);
  - (j) Payments received from programs funded under Title V of the Older Americans Act of 1965 (U.S.C. 3056(f) 1 ;
  - (k) Payments received after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.); and
  - (l) Payments received under Maine Indian Claims Settlement Act of 1980 (Pub.L. 96-420, 94 Stat. 1785) ;
  - (m) Earned income tax credit refund payments received from the Internal Revenue Service on or after January 1, 1991. Payments may be received in a resident's regular pay or as a single sum payment;
  - (n) Payments received as AmeriCorps Living Allowances (29 U.S.C. Sec.1552) ;
  - (o) Payments received under WIC-Supplemental Food Program for Women, Infants, and Children;
  - (p) Payments received under the National School Lunch Program (42 U.S.C. 175-176);
  - (q) Payments received under the Child Nutrition Act (42 U.S.C. 1771-1778);
  - (r) Payments received under the Child Care Block Grant Act of 1990.

5. Determining Annual Adjusted Income.

Annual adjusted income is determined by deducting from annual gross income the items listed below. Attachment B is a worksheet intended to help you make these calculations.

- a. \$480 Per Dependent. \$480 must be deducted for each dependent. Dependents include household members who are under 18, handicapped, disabled, or full-time students, but not any of the following: the family head, spouse, or foster children or, in the case of S+C, the person determined to be important to the care or well being of the eligible person.
- b. Reasonable Child Care Expenses anticipated during the period for children 12 and under that enable a household member to work or pursue further education are deducted. The amount deducted for child care to enable a person to work may not exceed the amount of income received from such work. In addition, child care expenses may not be deducted if the individual is reimbursed for these expenses.
- c. Handicapped Assistance Allowance. The handicapped assistance allowance covers reasonable expenses anticipated during the period for attendant care (provided by non-household member) and/or auxiliary apparatus for any handicapped or disabled household member that enables either that individual or another household member to work. The amount of expenses that exceeds three percent of annual gross income is deducted, provided the resident is not reimbursed for the expenses and the expenses do not exceed the amount earned by adult household members as a result of the handicapped assistance.
- d. Medical Expenses of Elderly or Disabled Residents. The amount that may be deducted for anticipated medical expenses not covered by insurance or unreimbursed, generally equals the amount by which the sum of handicapped assistance expenses, if any, as described in section 5 c. above, and medical expenses exceeds three percent of annual gross income.
- e. \$400 Per Elderly or Disabled Family. This allowance is provided to any family whose head of household, spouse, or sole member is at least 62 years old or is handicapped or disabled.

6. Review of Income.

In order to determine the correct rent payment, residents' income must be reviewed in those programs listed in section 1 where rent is to be collected. Their income must be reexamined at least annually. In addition, if there is a change in family composition (e.g., birth of child) or a decrease in the resident's income during the year, an interim reexamination may be requested by the resident and the resident rent adjusted accordingly. Residents who receive an increase in income need not have their rent increased until the next scheduled (annual) reexamination.

In those programs where rent is required, each resident must agree to supply such certification, release, information, or documentation as the recipient judges necessary to determine the resident's income. Recipients

should use discretion in developing income determination procedures. Self-declaration may be used only if there is no other means of verification available.

#### 7. Accounting for Rental Income.

Accurate financial records must be maintained. Recipients must appropriately document amounts of rental income collected from residents and the method used to determine those amounts. If the worksheet is used, it will provide the necessary documentation on how the amount of rent for each resident was determined. Separate documentation of sources of income must also be maintained.

#### 8. General Questions and Answers Regarding Resident Rent.

- a. Is there a maximum or a minimum rent that can be charged?

The United States Housing Act of 1937 states that resident rent must be the highest of either 30 percent of monthly adjusted income, 10 percent of monthly income, or, under certain circumstances, a locally-designated portion of public assistance. This standard sets an exact rent; there is no maximum or minimum per se. See section 1 (Purpose) for the SHP exceptions. However, see section 3.a. (4) for information on P.L. No. 104-99.

- b. When should income earned through participation in a training program be excluded for purposes of calculating the resident's rent payment?

Income earned through training programs should be excluded if the training program is: funded by HUD (including training provided by HUD grantees and subgrantees using HUD program funds); is funded through the Job Training Partnership Act (JTPA) including AmeriCorps Living Allowances; or is funded by State or local employment training programs.

- c. How do you distinguish between employment that is part of a training program and regular employment?

Employment-related activities are considered to be training rather than employment if the work activity is of a time-limited nature and there is a curriculum of activities with discrete goals related to a participant's skill development and employability. Examples of such activities may include on-the-job training for maintenance work, data entry, or food preparation.

- d. If utilities are not included in rent, who pays the utilities?

In some circumstances the cost of utilities is not included in the resident rent but is the responsibility of the resident. This usually occurs for those living in units that are individually metered, and residents receive bills directly from the utility company. In such circumstances, the resident's rent would equal the resident's required rent payment less an allowance for reasonable utility consumption. Do not include the cost of telephone service as a utility for this purpose. If reasonable utility expenses alone exceed the amount the resident is required



to pay for both shelter and utilities, the resident must be reimbursed for the difference. The attached worksheet reflects this calculation.

- e. What is considered reasonable utility consumption?

Local public housing agencies (PHAs) maintain a schedule of utility allowances by housing type for the Section 8 program. To determine the amount to allow for a reasonable amount of utility consumption given a particular type and unit size of housing, the local PHA should be contacted for the schedule of utility allowances.

- f. What are eligible child care expenses, and is this expense deducted in full?

Child care expenses can be deducted in full given the following conditions: the child or children are 12 years old and under; the resident is employed or enrolled in school while the dependent is receiving care; the amount deducted as child care expenses is necessary for the resident to work or attend school and the amount necessary for the resident to work does not exceed the amount earned while working; and the resident is not reimbursed for this expense.

- g. If a participant pays for child care through a program fee, should this be deducted from income?

If the amount paid through program fees is for eligible child expenses (see question f, above), then the amount paid should be deducted from income.

- h. Does income from seasonal employment, such as income earned through holiday employment, qualify for income exclusion under the "temporary, nonrecurring income" clause?

Unless the income is earned by family members younger than 18 years of age, seasonal income is counted just like other wages and salaries. Seasonal income includes, but is not limited to, holiday employment, summer employment, and seasonal-farm work. "Temporary, nonrecurring income" is income that is not expected to be regularly available in the future. An example of "temporary, non-recurring income" is income earned by census workers who helped take the 1990 census.

- i. May fees for food and services be charged in addition to charging rent?

Participants in programs covered in this Notice may be charged fees for food and other services in addition to rent, but the fees should be reasonable and not conflict with the goal of helping residents achieve the highest level of independent living possible.

- j. Should fees for supportive services be based on a sliding scale according to the income of the client, or on a fixed basis?

Fees may be based either on a sliding scale according to the resident's income or on a fixed basis as long as those fees are

reasonable to the income of the resident and in relation to the services provided.

- k. Can fees apply to some residents but not others?

If there is a reasonable basis to charge only some residents, such as services that apply only to some residents, then fees can be selectively applied. However, in most cases if a fee is charged it would be applied to all residents.

- l. Can recipients require the resident to save a portion of their income?

Federal regulations do not prohibit recipients from instituting mandatory savings programs. However, such programs, if adopted, should be applied to all residents. In addition, recipients should be aware that savings plans may result in asset levels that could jeopardize residents eligibility for benefits such as AFDC, SSI and general assistance. Recipients may want to consult with their local public welfare office to discuss ways to implement savings programs without jeopardizing benefits available to their residents.

- m. Are all residents eligible for a medical expense allowance?

No. Medical expenses can only be deducted if the head of household, spouse or sole member is at least 62 years of age, handicapped or disabled. In addition, only medical expenses in excess of 3 percent of annual income that are not reimbursed may be deducted. The amount deducted depends on the amount of handicapped assistance expenses as described in section 5c and 5d above.

- n. What are typical handicapped assistance expenses?

Typical handicapped assistance expenses include specially equipping an automobile so that a household member can drive to work or paying for in-home attendant care of a handicapped child so that an adult member can work.

- o. If residents receive earned income tax credits in their regular pay, how do I know how much to exclude?

The amount of income included in the residents' pay that is attributed to an earned income tax credit will be listed separately on their pay stubs. It will be the same amount in each check.

- p. Is training provided through any of the programs listed in sections 1 and 2 of this Notice considered to be HUD-funded training?

Yes, if the training is provided using funds available through a grant, it is considered HUD-funded training, and income received from such training may not be counted as income when calculating resident rent payments.

- q. May resident rent be used to pay expenses other than operating or leasing costs?

Rental income may be used for expenses other than operating or leasing costs at the recipient's discretion. For example, the residents' rent could be saved to be used to help them make the transition to permanent housing and greater independence.

ATTACHMENT A

SHDP 1989 FINAL RULE.

These definitions apply to all Transitional Housing and Permanent Housing for the Handicapped Homeless Grants made from 1988 through 1991, until those Grants are renewed. Note that persons whose sole impairment is alcoholism or drug addiction will not be considered handicapped. Upon renewal, the Grants are subject to the regulation in effect at the time of execution of the renewal grant. Attachment A to the Renewal Grant Agreement will contain the appropriate definition.

Handicapped or Handicapped person means any individual having an impairment that is expected to be of long-continued and indefinite duration, is a substantial impediment to his or her ability to live independently and is of a nature that the ability to live independently could be improved by a stable residential situation. This term includes:

1. An individual who is developmentally disabled, i.e., an individual who has a severe chronic disability that:
  - a. Is attributable to a mental or physical impairment or combination of mental and physical impairments;
  - b. Is manifested before the person attains age 22;
  - c. Is likely to continue indefinitely;
  - d. Results in substantial functional limitations in three or more of the following areas of major life activity:
    - (1) Self-care
    - (2) Receptive and expressive language
    - (3) Learning
    - (4) Mobility
    - (5) Self-direction
    - (6) Capacity for independent living
    - (7) Economic self-sufficiency; and
  - e. Reflects the person's need for a combination and sequence of special interdisciplinary, or generic care, treatment, or other services that are of lifelong or extended duration and are individually planned and coordinated.
2. Individual who is chronically mentally ill, i.e., an individual who has a severe and persistent mental or emotional impairment that seriously limits his or her ability to live independently (e.g., by limiting functional capacities relative to primary aspects of daily living such as personal relation, living arrangements, work, or recreation), and whose impairment could be improved by more suitable housing conditions.
3. A person whose sole impairment is alcoholism or drug addiction will not be considered to be handicapped under this part.

Homeless family with children means a homeless family that includes at least one parent or guardian and one child under the age of 18, a homeless

pregnant woman, and a homeless individual in the process of securing legal custody of any person who has not attained the age of 18 years.

Homeless individual with mental disabilities means a homeless individual who is a handicapped person and whose handicap is wholly or partially attributable to a mental or emotional impairment. This term includes a homeless family, if the head of the family (or the spouse of the head of the family) is a homeless individual with mental disabilities.

SHDP UNPUBLISHED FINAL RULE FOR USE WITH 1992 GRANTS.

These definitions apply to Grants awarded in 1992 only and were included as part of Attachment A in the Grant Agreements. Note that, unlike the terms of the 1989 Final rule, a person whose sole impairment is alcoholism or drug addiction can be considered handicapped, since subsection (c) of the definition has been eliminated. Further, emotional impairment is added as a disability.

Handicapped or Handicapped person means a household composed of one or more persons at least one of whom is an adult who has a disability. A person is considered to have a disability if such person is determined to have a physical, mental, or emotional impairment that is expected to be of long-continued and indefinite duration, substantially impedes his or her ability to live independently, and is of such a nature that the ability to live independently could be improved by more suitable housing conditions.

This term includes:

1. An individual who is developmentally disabled, i.e., (an individual who has a severe chronic disability that:
  - a. Is attributable to a mental or physical impairment or combination of mental and physical impairments;
  - b. Is manifested before the person attains age 22;
  - c. Is likely to continue indefinitely;
  - d. Results in substantial functional limitations in three or more of the following areas of major life activity:
    - (1) Self-care;
    - (2) Receptive and expressive language;
    - (3) Learning;
    - (4) Mobility;
    - (5) Self-direction;
    - (6) Capacity for independent living; and
    - (7) Economic self-sufficiency; and
  - e. Reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services that are of lifelong or extended duration and are individually planned and coordinated.
2. An individual who is chronically mentally ill, i.e., an individual who has a severe and persistent mental or emotional impairment that seriously limits his or her ability to live independently (e.g., by

limiting functional capacities relative to primary aspects of daily living such as personal relations, living arrangements, work, or recreation), and whose impairment could be improved by more suitable housing conditions.

Homeless family with children means a homeless family that includes at least one parent or guardian and one child under the age of 18, a homeless pregnant woman, and a homeless individual in the process of securing legal custody of any person who has not attended the age of 18 years.

SHP INTERIM RULE FOR USE WITH 1993 GRANTS.

These definitions apply to Grants awarded in 1993 and to TH and PH Grants renewed in 1993. Note that the definition of disability has changed and that AIDS is included as a disability.

Disability means:

1. A disability as defined in Section 223 of the Social Security Act;
2. Having a physical, mental, or emotional impairment that:
  - a. Is expected to be of long-continued and indefinite duration;
  - b. Substantially impedes an individual's ability to live independently; and
  - c. Is of such a nature that such ability could be improved by more suitable housing conditions.
3. A developmental disability as defined in section 102 of Developmental Disabilities Assistance and Bill of Rights Act.

The term disability shall not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome.

Homeless family with children means a homeless family that includes at least one parent or guardian and one child under the age of 18, a homeless pregnant woman, or a homeless individual in the process of securing legal custody of any person who has not attained the age of 18 years.

SHELTER PLUS CARE.

Apply these definitions to all S+C Grants awarded through 1993. Note that persons whose sole impairment is alcoholism or drug addiction can be considered handicapped, if they meet the three prong test. In this program, a person with AIDS will have to meet the definition of disability (by satisfying the three prong test) in order to be considered disabled and, therefore, to receive adjustments to income. Also, note, that except in the SRO component, eligibility is extended to unrelated persons in the same household. As a result, income and adjustment determination should be made accordingly.

Eligible person means a homeless person with disability (primarily persons who are seriously mentally ill; have chronic problems with alcohol,

drugs, or both; or have AIDS and related diseases) and, if also homeless, the family of such a person. To be eligible for assistance, persons must be very low income, except that low-income individuals may be assisted under the SRO component in accordance with 24 CFR 813.105 (b).

Person with disabilities means a household composed of one or more persons at least one of whom is an adult who has a disability.

1. A person shall be considered to have a disability if such a person has a physical, mental, or emotional impairment which is expected to be of long-continued and indefinite duration; substantially impedes his or her ability to live independently; and is of such a nature that such ability could be improved by more suitable housing conditions.
2. A person will also be considered to have a disability if he or she has a developmental disability, which is a severe chronic disability that-
  - a. Is attributable to a mental or physical impairment or combination of mental and physical impairments;
  - b. Is manifested before the person attains age 22;
  - c. Is likely to continue indefinitely;
  - d. Results in substantial functional limitations in three or more of the following areas of major life activity:
    - (1) self-care,
    - (2) receptive and expressive language,
    - (3) learning,
    - (4) mobility,
    - (5) self-direction,
    - (6) capacity for independent living, and
    - (7) economic self-sufficiency; and
  - e. Reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services which are of lifelong or extended duration and are individually planned and coordinated.

Notwithstanding the preceding provisions of this section, the term "person with disabilities" includes, except in the case of the SRO component, two or more persons with disabilities living together, one or more such persons living with another person who is determined to be important to their care or well-being, and the surviving member or members of any household described in the first sentence of this definition who were living, in a unit assisted under this part, with the deceased member of the household at the time of his or her death. (In any event, with respect to the surviving member or members of a household, the right to rental assistance under this part will terminate at the end of the grant period under which the deceased member was a participant.

ATTACHMENT B  
TENANT RENT CALCULATION WORKSHEET

1. Income. (as described in section 4a) (1) \_\_\_\_\_
2. Income exclusion.  
(as described in section 4b) (2) \_\_\_\_\_
3. Annual Gross Income.  
(line 1 minus line 2) (3) \_\_\_\_\_

Calculation of Adjusted Income

Dependent Allowance

4. Number of Dependents, i.e.,  
number of family members,  
other than head or spouse, or in  
S+C, the person determined to be  
important for the care of the  
eligible person, who are under 18,  
disabled, handicapped or  
full-time students. (4) \_\_\_\_\_
5. Multiply line 4 by \$480. (5) \_\_\_\_\_

Child Care Allowance

6. Enter anticipated unreimbursed  
expenses for care of children  
age 12 and under which will allow  
a household member to work or  
pursue education. It may not  
exceed the amount of income from  
such work. (6) \_\_\_\_\_

IF RESIDENT DOES NOT HAVE HANDICAPPED ASSISTANCE EXPENSES AND HEAD OF HOUSEHOLD, SPOUSE, OR SOLE MEMBER IS NOT HANDICAPPED, DISABLED, OR AT LEAST 62 YEARS OF AGE, SKIP TO NUMBER 15.

Handicapped Assistance Allowance

7. Handicapped assistance expenses. (7) \_\_\_\_\_
8. Multiply line 3 by 0.03. (8) \_\_\_\_\_
9. Subtract line 8 from line 7. (9) \_\_\_\_\_
10. Amount earned by family members  
which was dependent upon the  
handicapped assistance expense. (10) \_\_\_\_\_
11. Enter the lesser of lines 9 and 10.  
This is the handicapped  
assistance allowance. (11) \_\_\_\_\_



IF HEAD OF HOUSEHOLD, SPOUSE, OR SOLE MEMBER IS 62 YEARS OF AGE OR OLDER,  
HANDICAPPED OR DISABLED, COMPLETE ITEMS 12-13; OTHERWISE SKIP TO NUMBER 15.

Medical Expenses and Elderly or Disabled persons Family Allowance

12. Medical expenses. (12)\_\_\_\_\_

13. If line 9 is > 0, enter the amount from line 12; otherwise, add lines 7 and 12 and subtract line 8. (13)\_\_\_\_\_

14. Elderly or disabled family allowance.  
Enter \$400. (14)\_\_\_\_\_

Adjusted Income

15. Total income adjustments.  
Add lines 5, 6, 11, 13, and 14. (15)\_\_\_\_\_

16. Adjusted Income.  
Subtract line 15 from line 3. (16)\_\_\_\_\_

Resident Rent Determination

17. 30% of Adjusted Monthly Income.  
Divide line 16 by 12 and multiply by 0.3 (17)\_\_\_\_\_

18. 10% of Monthly Income.  
Divide line 3 by 12 and multiply by 0.1 (18)\_\_\_\_\_

19. Welfare rent, if applicable. (19)\_\_\_\_\_

20. RESIDENT RENT.  
Enter the largest of lines 17, 18 and 19. (20)\_\_\_\_\_ However, refer to section 3.a. (4) for information on P.L. No. 104-99, minimum rent of \$25 to \$50.

IF THE RENT INCLUDES UTILITIES STOP HERE, OTHERWISE PROCEED TO NUMBER 21.

Determination of Resident Rent for Units Where Utilities are not Included in Rent

21. Utility Allowance. (21)\_\_\_\_\_

22. RESIDENT RENT.  
Subtract line 21 from line 20 (22)\_\_\_\_\_

23. UTILITY REIMBURSEMENT. (If the amount on line 22 is less than 0, change the minus to a plus. This is the amount that must be paid to the resident as a utility reimbursement.) (23)\_\_\_\_\_