

*Rent Re-Determination*  
*A to Z*

# Rent Redetermination Table of Contents

## Chapter 1 – Regulations

- 760 CMR 5
- 760 CMR 6

## Chapter 2 – Overview of Rent Redetermination Process

## Chapter 3 – 60 Days from Redetermination Date – Sending Information Out to Tenant

- Letter That Accompanies Continued Occupancy Form\*
- Continued Occupancy Form\*
- General Authorization Form\*

## Chapter 4 – 30 Days from Redetermination Date – Resources for LHA to Process Tenant Information in Determining Rent

- Rent Calculation Worksheet\*
- Whose Income To Include
- What To Count As Income
- What Not to Count As Income
- Documentation of Income
- Assets Definition and Formulas
- Asset Worksheet
- Deductions Allowed From Gross Household Income
- Medical Expenses
- Service Animals Worksheet
- Form to Record Third Party Verification Unobtainable\*
- Form to Record Follow-Up for Verification\*

## Chapter 5 – 14 Day from Redetermination Date – Notifying the Tenant

- Notice of Rent Adjustment Letter\*
- Lease Addendum\*
- Notice of Ineligibility for Continued Occupancy Letter\*

## Chapter 6 – MassNAHRO Presentation on Rent Redetermination

## Chapter 7 – Follow-Up Questions from MassNAHRO Presentation on Rent Redetermination

\* = Required to Use DHCD Form/Template

Note: If you would like word versions of any of the letters/worksheets, many of these documents can be found in Housing Applications already in Word format.

*Chapter 1:*

Regulations

# Regulations

760 CMR 5

<http://www.mass.gov/hed/economic/eohed/dhcd/legal/regs/760-cmr-5.html>

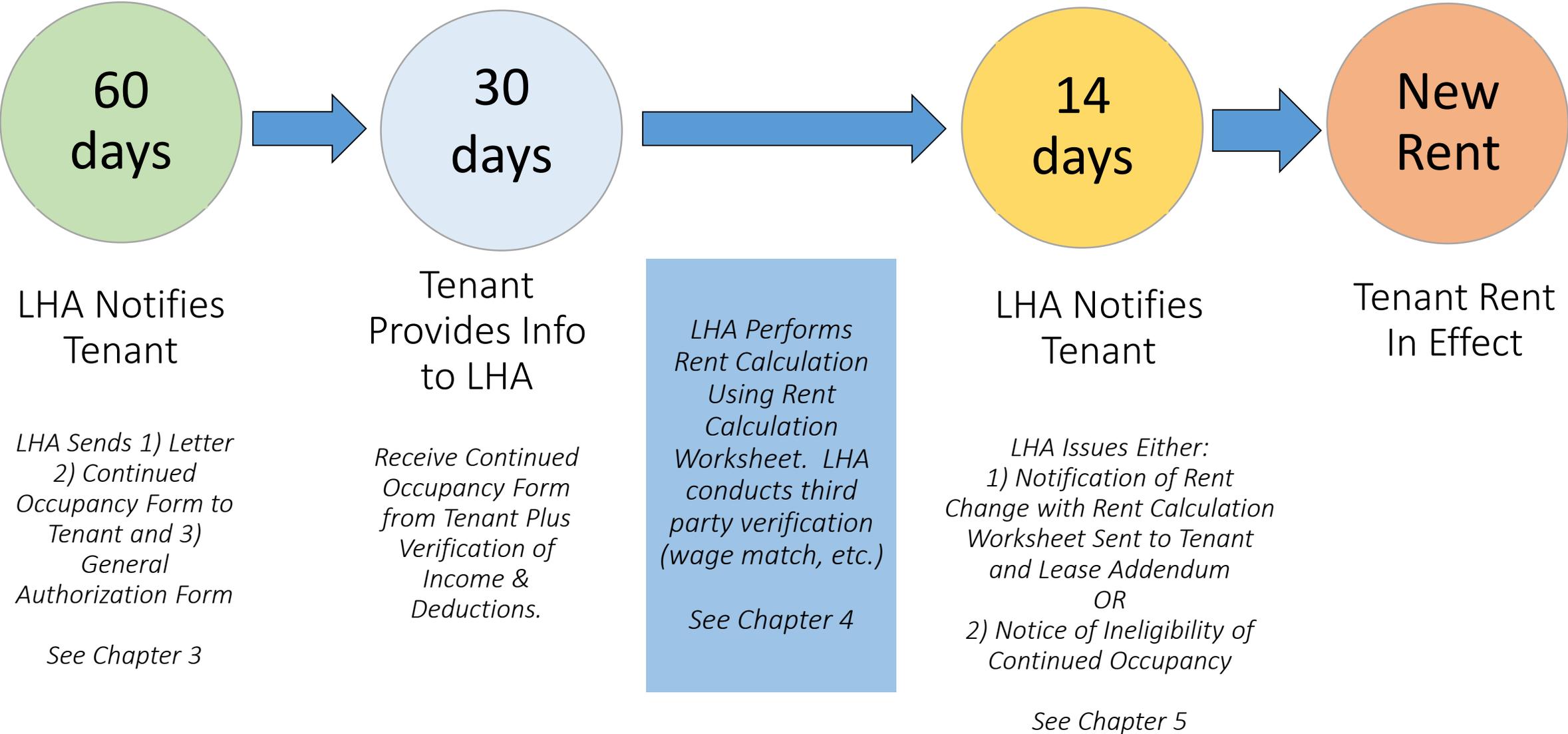
760 CMR 6

<http://www.mass.gov/hed/economic/eohed/dhcd/legal/regs/760-cmr-6.html>

## *Chapter 2:*

# Overview of Rent Redetermination Process

# Timeline for Annual Rent Determination



## *Chapter 3:*

60 Days from  
Redetermination Date –  
Sending Information Out to  
Tenant

LHA Letterhead

Date

Dear \_\_\_\_\_ :

We are required by DHCD regulation at 760 CMR 6.04 to redetermine your rent once annually. You are required by Section IV A of your lease to submit within thirty (30) days of our request accurate information that is complete and signed, to allow us to determine your rent and your eligibility for continued occupancy. You must complete the Continued Occupancy Form found below. Please return it to \_\_\_\_\_, \_\_\_\_\_ Housing Authority, \_\_\_\_\_ City/Town/MA/Zip no later than \_\_\_\_\_ date.

It is necessary for us to verify the information provided on this form. For wages, interest, dividends, annuities, pensions or recurring lottery winnings, please provide us with copies of your prior year's tax-reporting forms (i.e. W-2 forms, W-2G forms, and 1099 forms). For income from a fiduciary you must submit a copy of the prior year's K-1 form. For self-employment income you must submit a copy of the prior year's Schedule C of US Form 1040. You may be required to submit copies of other tax reporting forms to verify other types of income.

We may also require written third party verification of one or more items of income, exclusions, or deductions. Therefore, you are required to sign an Authorization for Release of Information. Each person named must sign a separate form which is enclosed and return it with this Continued Occupancy Form.

If you have any questions, or need assistance, please call us at ( ) \_\_\_\_\_.

Sincerely,



**CONTINUED OCCUPANCY FORM - ch. 667, ch.200, ch.705, 689**

(To be completed by Tenant, and returned to the LHA within 30 days. Attach sheet(s) if necessary.)

- I. Provide the name of the Tenant, and the name and relationship of each person to you, the tenant, that are members of the Tenant's Household (household members). Provide the exact date of birth, sex of, social security numbers, racial designation (all that apply), ethnic designation, school and work status.

	Name of Tenant and household members	Relationship	Sex	Date of Birth	**Soc. Sec. #	Designation		School or Work
						Racial*	Ethnic*	
1								
2								
3								
4								
5								
6								

\* Racial Designation means: American Indian or Alaska Native; Asian; Black or African American; Native Hawaiian or Other Pacific Islander; White; Other: \_\_\_\_\_(specify).

\* Ethnic Designation means: Hispanic/Latino or not Hispanic/Latino

\*\* Social Security # used for income verification purposes only.

- II. **Total Gross Income of Tenant Household from all Sources:**  
**Current Monthly wages or salary before deductions:**

	Tenant or Tenant Household Member	Employer	Monthly Earnings
1			
2			
3			
4			
5			

- a. Commissions, Tips Bonuses and other income \_\_\_\_\_
  - b. Gifts, regular contributions \_\_\_\_\_
  - c. Unemployment or Disability Compensation \_\_\_\_\_
  - d. Public Assistance (TAFDC) \_\_\_\_\_
  - e. Alimony, Child Support, Foster Care received \_\_\_\_\_
  - f. Social Security Benefits \_\_\_\_\_
  - g. SSI, SSDI \_\_\_\_\_
  - h. Pension, Annuity, Retirement \_\_\_\_\_
  - i. Veterans Benefits - Type \_\_\_\_\_
  - j. Service Connected 100% disability benefits from U.S. Government \_\_\_\_\_
  - k. Interest, Dividends, Capital Gains \_\_\_\_\_
  - l. Lottery winnings, gambling winnings \_\_\_\_\_
  - m. Rental or any other income-Please specify \_\_\_\_\_
  - n. Principal and income from trust or inheritance \_\_\_\_\_
- TOTAL GROSS MONTHLY INCOME \$** \_\_\_\_\_



**III. Exclusions from Income**

a. One time exclusion: **WELFARE TO WORK INCOME EXCLUSION:**

(A) to be taken this year; (B) deferred; (C) not applicable (circle A,B or C)

Household members name: \_\_\_\_\_

Income Source for the previous 12 months \_\_\_\_\_

Current Income Source and Amount for the Household Member. \_\_\_\_\_

b. Exclusion for amount earned by member 62 years or older in excess of the amount equal to minimum wage for 20 hours. \_\_\_\_\_

c. Exclusion for wages and /or salary earned by a full time student, as defined in 760 CMR 6.03 \_\_\_\_\_

d. Other exclusions (see 760 CMR 6.05 (3)) \_\_\_\_\_

**IV. Allowable Deductions from Gross Income Subject to Verification:**

a. \$400.00 for head if 60 years of age or older or handicapped/disabled. (Family Housing Only) \_\_\_\_\_

b. \$300 for each minor member (under 18) and each income contributing adult member other than the head. \_\_\_\_\_

c. Non-reimbursable medical expenses, including medical insurance, in excess of 3% of gross income. \_\_\_\_\_

d. Day care cost necessary for employment \_\_\_\_\_

e. Costs for the care of sick or incapacitated household member necessary for employment. \_\_\_\_\_

f. Support payments made (child or alimony) \_\_\_\_\_

g. Non-reimbursable payments of tuition and fees of vocationally related post secondary education for household member other than a full time student. \_\_\_\_\_

h. Non-reimbursable payments for homemaking or household expenses for a household member with a disability. \_\_\_\_\_

i. Special transportation costs for a disabled household member. \_\_\_\_\_

TOTAL DEDUCTIONS \$ \_\_\_\_\_

**V.** (LHA Use Optional) Emergency Reference: Name of a relative or friend not living with you. We will contact this person if we are not able to reach you or in cases of an emergency

Name: \_\_\_\_\_

Relationship: \_\_\_\_\_

Address \_\_\_\_\_

Telephone #: \_\_\_\_\_

**The undersigned hereby certifies that in accordance with his/her lease the information supplied by the tenant herein is accurate and complete. The undersigned understands that misrepresentation of these facts is grounds for eviction. SIGNED UNDER THE PAINS AND PENALTIES OF PERJURY:**

Date \_\_\_\_\_

Signature \_\_\_\_\_

(Tenant)

Telephone #: \_\_\_\_\_

Address \_\_\_\_\_



**GENERAL AUTHORIZATION FOR RELEASE OF INFORMATION**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

I, the above named individual, have authorized the \_\_\_\_\_ Housing Authority to verify the accuracy of the information which I have provided to the Housing Authority from the following sources(specify):

I hereby give you my permission to release this information to the Housing Authority. I would appreciate your prompt attention in supplying the information requested on the attached page to the Housing Authority within five (5) days of receipt of this request.

**I understand that a photocopy of this authorization is as valid as the original.**

Thank you for your cooperation in this matter.

\_\_\_\_\_ Date signed: \_\_\_\_\_  
*(signature)*

**THIS AUTHORIZATION IS VALID FOR A PERIOD OF ONE YEAR FROM THE DATE NOTED ABOVE.**



## *Chapter 4:*

30 Days from  
Redetermination Date –  
Resources for LHA to  
Process Tenant Information  
in Determining Rent

# Rent Calculation Worksheet

Tenant Name: \_\_\_\_\_ Address: \_\_\_\_\_ Dev. No.: \_\_\_\_\_

Date Processed: \_\_\_\_\_ By: \_\_\_\_\_ Effective Date: \_\_\_\_\_

No. of Bedrooms: \_\_\_\_\_ Family Composition, including Tenant Head of Household:

	No. of Males	No. of Females
Adults: _____	_____	_____
FTS: _____	_____	_____
Minors: _____	_____	_____

**GROSS ANNUAL INCOME:**

a. Wages

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Exclusion for amount earned by member 62 years or older in excess of the amount equal to minimum wage for 20 hrs.

\_\_\_\_\_

Exclusion for household whose income has increased due to employment when previous 12 months income (all or in part) was from a form of public assistance

\_\_\_\_\_

Exclusion for wages and/or salary earned by a full-time student, as defined in 760 CMR 6.03

\_\_\_\_\_

Other exclusions (see 760 CMR 6.05(3))

b. Self-employment \_\_\_\_\_

c. Pension, annuities, retirement funds \_\_\_\_\_

d. SS/SSI/SSDI \_\_\_\_\_

e. Disability Insurance, Health & Accident Insurance, Workers Compensation \_\_\_\_\_

f. Recurring gifts or contributions \_\_\_\_\_

g. TAFDC \_\_\_\_\_

h. Child support, foster care \_\_\_\_\_

i. Alimony \_\_\_\_\_

j. Lottery winnings, gambling winnings \_\_\_\_\_

k. Veterans Benefits \_\_\_\_\_ (see 760 CMR 6.05 (n))

l. Interest \_\_\_\_\_

(if assets are over \$5,000 calculate: total actual interest earned \_\_\_\_\_ vs. total asset value \_\_\_\_\_ x 1.0% = \_\_\_\_\_, take the higher of the two amounts; if assets are \$5,000 or less take actual interest)

m. Other (see 760 CMR 6.05 & explain) \_\_\_\_\_

**TOTAL:** \_\_\_\_\_(1)



**DEDUCTIONS:**

- a. \$400.00 elderly/handicapped \_\_\_\_\_  
(only if in family housing)
- b. \$300.00 per minor \_\_\_\_\_
- c. \$300.00 per eligible adult  
household member  
(other than tenant) \_\_\_\_\_
- c. Medical Expense, including  
medical insurance, in excess  
of 3% of total gross income \_\_\_\_\_ (Gross income x 3% = \_\_\_\_\_ [Total medical \$ \_\_\_\_\_ -  
3% of gross income \$ \_\_\_\_\_ = deduction \_\_\_\_\_])
- d. Work related day care or  
care of sick/incapacitated  
household member \_\_\_\_\_
- e. Support payments \_\_\_\_\_
- f. Heat, if applicable \_\_\_\_\_
- g. Non-reimbursable tuition  
and fees, if applicable \_\_\_\_\_
- h. Non-reimbursable services  
for household member w/  
a disability \_\_\_\_\_
- i. Travel expense for household  
member with a disability \_\_\_\_\_  
(see 760 CMR 6.05(j))

**TOTAL:** \_\_\_\_\_(2)

NET ANNUAL INCOME (Line 1 – Line 2) \_\_\_\_\_(3)

MONTHLY NET INCOME (Line 3 divided by 12) \_\_\_\_\_(4)

RENT: (circle one)

(Line 4 X 32%)

(Line 4 X 30%)

(Line 4 X 27%) or

(Line 4 X 25%) \_\_\_\_\_(5)



### Count Income from the Following Household Members

Household Members	Yes	No	
Head	x		
Spouse	x		
Co-head	x		
Other Adults	x		
Dependents - under 18*		x	Youth working part-time summer jobs etc.
Dependent FTS age 18 up to 25		x	Must be in accredited educational institution/not in apprentice program/not head of household
Foster Child	x		Payments made for their support
Foster Adult	x		Payments made for their support
Live-in Personal Care Attendent (PCA)		x	(not a family member)

\*Income received for the care of a dependent under 18 years of age (SSI, SS, TAFDC etc.)

## INCOME SOURCES TO BE CONSIDERED FOR GROSS HOUSEHOLD INCOME (760 CMR 6.05)

(a) Wages/salaries	Full amount of wages and or salaries before deduction, overtime pay, commissions, fees, tips and bonuses and other compensation for personal service, (severance packages)
(b) Net income from operation of business	For each self employed household member after the deduction for the ordinary and necessary expenses of the business or profession. The deductible expenses of the business or profession shall not exceed 85% of the gross receipts of the business or profession. Deductible expenses of the business or profession shall not include rent or utilities paid for the tenants unit if the business or profession is located in the tenants unit.
(c) Real Property & Interest Income	Personal property, including rent, dividends and interest, Taxable capital gain, sale or transfer of an investment and other assets if the fair market value exceeds \$5000.00. The asset income will be the greater/higher of actual income derived from any such property or a percentage of the value of such property. This percentage shall be the current passbook savings rate as determined from time to time by the federal department of Housing and Urban development for federally assisted housing or as otherwise determined by the department.
	Interest earned from CDs, Savings, checking accounts, trusts, IRAs Annuities or other investments
(d) Periodic Payments	From Social Security, Annuities, retirement funds, pension, individual retirement accounts.
(e) Payment in lieu of earnings	Unemployment, SSI, SSDI, workers comp, disability payments, lump sum payment settled or similar payment all or partly on account of lost wages resulting from an injury.
(f) Regular recurring contributions or gifts	To be a recurring contribution, at least 2X per year for the past two years
(g) Regular Public Assistance Payments	Excluding food stamps
(h) Child support payments	Payments made to a minor for his her support, includes foster care payments, social security, public assistance, payments made to a minor for their support but controlled for his or her benefit by household member responsible for his/her support.
(i) Lottery winnings,	Legal gambling & similar receipts
(j) Receipts of principal and income	From a trustee of a trust account, executor or administrator of real estate. (IRS K1)
(k) Alimony or payment for separate support	

## INCOME EXCLUSIONS FOR GROSS HOUSEHOLD INCOME 760 CMR 6.05 (3)

a	Non Recurring Gifts	Gifts that are not regularly recurring
b	Amounts (Lump sums) specifically	Amounts that are received for the cost of medical care, compensation for personal injury or damage to loss of property, under health, accident or liability insurance, workers comp, judgements or settlement claims-not covering salary/income loss.
c	Educational scholarships or stipends for housing for a student at an educational institution.	
d	Special Military Pay for service in a war zone	Must be actively in the war zone
e	Relocation payments required by state or federal law	
f	Social Security Pass Payments	Provided that the recipient fulfills all PASS program requirements
g	Food stamps	
h	Domestic Volunteer Service Act of 1973	Programs covered under the Domestic Volunteer Service Act of 1973
i	Increased earned Income-Public Assistance to Work	Household increase in income is accompanied by a decrease in the amount of TAFDC, EAEDC, SSI, SSDI, or public assistance from a successor program;
j	Job training stipends for the following:	Program is either approved by the department or sponsored and administered by a government agency to cover related costs to training or employment. This does not apply to wages received from "on the job training" by employees.
k	Earned wages of full time students or by unemancipated minors	If student in college must verify full time status. A full time student is a household member between the ages of 18-25, who is the dependent of another household member and who is enrolled in and attending an accredited educational or vocational institution and is carrying a course load that is considered full-time for day students under the standards and practices of the institution. (This excludes apprenticeship programs)
l	Income from a Live In PCA:	Who is not a family member, who is paid for the fair value of his or her services to a household member, provided that the PCA shall be required to substantiate that he or she receives wages for the fair value of his or her services and that such income is not available for the needs of any household member.
m	Inheritance or life insurance proceeds	Only the interest earned in the policy.
n	Veterans Disability Benefits	Veterans disability must have occurred in connection with his/her military service. All but \$1,800 per month is excluded (1,800 X 12 = 21,600 yr.) \$540 month
o	A return of capital on sale or transfer of an investment or of other real or personal property	Use interest made on the investment. Form 1099R, 1099DIV
p	Wages/salary earned by a tenant or household member 62 yrs. or older	Not to exceed the total amount which would have been earned by a person working 20 hours per week at the minimum wage specified in MGL151 S 1 (MINIMUM WAGE x20 HRS WK x 52). Min wage effect 1/1/16 = 10 per hour = \$10,400

## Documentation to be Provided for Proof of Income

(a) Wages/salaries	6-8 consecutive pay stubs and or 3rd party verification from employer. If neither can be provided use IRS tax return from previous year.
(b) Net income from operation of business	IRS filing for either annual year end or fiscal year end. IRS Form 1040
(c) Real Property & Interest Income	Copies of bank statements and interest statements - need 3 consecutive statements. For interest earned from CDs, Savings, checking accounts or other investments, 1040 Schedule B
(d) Periodic Payments	Pension income notices, payment stubs etc. IRS 1099R
(e) Payment in lieu of earnings	Unemployment stubs, SSI, SSDI letter, workers Comp payment stubs disability benefits letter.
(f) Regularly recurring contributions or gifts received from non-household members	To be a recurring contribution, at least 2X per year for the past two years. Statement from person paying or receiving amount.
(g) Regular Public Assistance Payments	Letter from Department stating benefit amount
(h) Child support payments	Copy of Divorce agreement, Court imposed payments, Copy of court payment print-out. Copy of money orders, checks made on behalf of child.
(i) Lottery winnings,	Legal gambling & similar receipts. State threshold is \$600.00 to pay taxes. W-2G for Lottery and other winnings.
(j) Receipts of principal and income	From a trustee of a trust account, executor or administrator of real estate. (IRS K1)
(k) Alimony or payment for separate support	Court document, Official notarized statement.
Tenant who claims no income	A No Income Statement should be notarized and submitted

Note: LHA's are reminded to use wage match for wage verification

# Assets

The following pages include a definition of an asset, formulas for factoring assets into Total Household Income, and an Assets Worksheet to help you track and record information about assets.

## **Definition of an Asset**

*Cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stock, bonds, etc. Examples include:*

- Savings/checking accts.
- Stocks, bonds, certificates, money market funds, etc.
- Equity, trusts, retirement, life insurance,
- Gems, jewelry, coin collections, etc.

## **Formulas for Factoring Assets into Total Household Income:**

Formula for Total Assets Under \$5,000:

Asset income + Income = Total Household Income

Formula for Total Assets Over \$5,000:

Use greater of:

- Actual income (all net household assets)

OR

- Imputed asset income (\$value x HUD passbook rate)

Greater amount + Income = Total Household Income

The Asset worksheet on the next two pages may be a resource to help you identify assets and factor them in appropriately into Total Household Income. This worksheet is not a required form.

# Asset Worksheet

**Checking Accounts**

Bank	_____	Acct #	_____	Balance	_____	Int Rate	_____
Bank	_____	Acct #	_____	Balance	_____	Int Rate	_____

**Savings Account**

Bank	_____	Acct #	_____	Balance	_____	Int Rate	_____
Bank	_____	Acct #	_____	Balance	_____	Int Rate	_____

**Certificates of Deposits**

Bank	_____	Acct #	_____	Balance	_____	Int Rate	_____
Bank	_____	Acct #	_____	Balance	_____	Int Rate	_____

**Money Market Accounts**

Bank	_____	Acct #	_____	Balance	_____	Int Rate	_____
Bank	_____	Acct #	_____	Balance	_____	Int Rate	_____

**Trust Accounts**

Bank	_____	Acct #	_____	Balance	_____	Int Rate	_____
Bank	_____	Acct #	_____	Balance	_____	Int Rate	_____

**Stocks**

Bank	_____	Acct #	_____	Balance	_____	Int Rate	_____
Bank	_____	Acct #	_____	Balance	_____	Int Rate	_____

**Bonds**

Bank	_____	Acct #	_____	Balance	_____	Int Rate	_____
Bank	_____	Acct #	_____	Balance	_____	Int Rate	_____



**Other IRS Forms for Verification:**

W-2, W-2C, W-2G

1099-B, 1099-D, 1099-G

1099-INT, 1099-MISC, 1099-R, 1099-S

K-1

**Other forms of capital investment, whether personal or business:**

Value of Boats, recreational vehicles, luxury goods, money at interest and debts due tenant by any person(s), or value of cash surrender insurance policies. Value is determined by taking higher of the two (2) amounts, insured value or appraised value.

Payment in settlement of personal or property loss: \_\_\_\_\_

The value of any business or household asset disposed of by any household member (including a disposition in trust) for less than fair market value during the two (2) years prior to the preliminary determination of eligibility pursuant to the eligibility regulation and 760 CMR 5.06 (5) (a) to the extent of the difference between fair market value and the consideration received.

**Real Estate Property:**

Do you own any property? Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, type of property: \_\_\_\_\_

Location of property: \_\_\_\_\_

Appraised market value? \_\_\_\_\_ Mortgage or outstanding loan: \_\_\_\_\_

Amt. of annual insurance premium? \_\_\_\_\_ Amt of most recent tax bill: \_\_\_\_\_

Have you sold or disposed of any assets in the last two years? Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, type of asset (ex. Money/land/house) \_\_\_\_\_

Market value when sold/disposed \$ \_\_\_\_\_

Amount sold/disposed for \$ \_\_\_\_\_ Date of transaction \_\_\_\_\_

I certify that I have not disposed of any assets for less than the fair market value in the past year. I certify that the information I have given for my recertification is true and correct. I understand that any false statement or misrepresentation may result in the termination of my tenancy.

These statements are made under the pains and penalties of perjury.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



## Deductions from Gross Household Income

Net household income shall be:

Total Gross Income (-) minus exemptions - total allowable deductions = net household income

Deductions Allowed	
(a) \$400 (only if in Family housing)	For an elderly person of low income/or handicapped person, provided the household is not over housed
(b) \$300	For each un-emancipated minor (-18 yrs. of age)
(c) \$300	For each adult household member (other than head of household) This deduction is limited if the amount of gross income exceeds all other deductions claimed against his/her income.
(d) heat deduction	Where households pay for cost of heat - a schedule is prescribed the Department (DHCD)
(e) medical expenses* in excess of 3% of annual gross household income and are paid by household members	<ol style="list-style-type: none"> <li>1. Payments for necessary medical expenses including co-payments that are not covered by insurance or reimbursable.</li> <li>2. Payments for medical health insurance are allowable.</li> <li>3. Receipts for expenses must be provided</li> </ol>
Use Medical Terms per publication	*Public Housing Notice # 2007-10 which was distributed on 11/15/07 states "authorities should use the standards set by the US Department of Treasury's Internal Revenue Service(IRS). Use Publication 502 Cat. No. 15002Q Medical and Dental Expenses.
(f) Child care/Adult Care expense	Payments for care of children or of a sick or incapacitated household member provided that the LHA shall have determined the payments to be necessary for the employment of another household member who would otherwise have provided such care; the total amount deducted for this deduction and the deductions in (g) and (h) of 760 CMR 6.05 (4) for this household member who makes the payments shall not exceed his or her gross income
(g) Child support, separate support or alimony that is court ordered	<ol style="list-style-type: none"> <li>(1) must be under court order or court agreement</li> <li>(2) person must not be residing in the household.</li> <li>(3) total amount of this deduction including the deduction for child care payments and non reimbursable payments, must not exceed the gross income.</li> </ol>
(h) post secondary education tuition and fees	This applies to household member who is not a full time student. Amount deducted inclusive of other deduction shall not exceed the gross income.
(i) Non-reimbursable housekeeping or personal care services	This applies to a household member with a disability who as a result of the disability is physically unable to perform the housekeeping or personal care services provided that no household members is reasonably available to perform these services.
(j) Travel Expenses	Travel expenses in excess of the cost of the least expensive available transportation, for a household member with a disability who as a result of the disability is physically unable to use the least expensive available transportation and who uses the least expensive transportation practical in connection with necessary activities which cannot be performed by another household member.

**Medical and Dental Expenses at a Glance**  
**Refer to IRS Medical Expenses Publication 502 for Use in Preparing**  
**Tax Returns**

Abortion	The amount you paid for a legal abortion
Acupuncture	The amount you paid for acupuncture
Alcoholism	Inpatient treatment at a Therapeutic center for alcohol addiction. Includes meals & Lodging provided by the center during treatment. Transportation expenses to and from AA meeting in your community if attendance is necessary for the treatment of a disease involving the excessive use of alcoholic liquors.
Ambulance	Amounts you pay for ambulance service
Annual Physical Examination	Physical Examinations - you do not have to be ill at the time of examination
Artificial Limb	Amount you pay for an artificial limb
Artificial Teeth	Amount you pay for artificial teeth
Bandages	Cost of medical supplies such as bandages
Birth Control Pills	Birth control pills prescribed by a doctor
Body Scans	You can include in medical expenses the cost of an electronic body scan
Braille Books and Magazines	The cost of Braille books and magazines for use by a visually impaired person that is more than the cost of regular printed editions.
Breast Reconstruction Surgery	You can include the amounts you pay for breast reconstruction surgery following a mastectomy for cancer.
Brest Pump and Supplies	Cost of breast pumps and supplies that assist lactation
Capital Expenses	Special equipment installed in a home, if their main purpose is medical care for you, your spouse, or your dependent.
Car	Cost of special hand controls and other special equipment installed in a car for the use of a person with a disability.
Chiropractor	Medical expenses you pay to a chiropractor for medical care
Christian Science Practitioner	You can include in medical expenses fees you pay to Christian Science practitioners for medical care.
Contact Lenses (medically Necessary)	Contact lenses needed for medical reasons. You can also include the cost of equipment and materials required for using contact lenses, such as saline solution and enzyme cleaner
Crutches	For purchase or rental
Dental Treatment	Teeth whitening not included
Diagnostic Devices	Cost of devices used in diagnosing and treating illness and disease
Disabled Dependent Care Expenses	Some may qualify as Medical Expenses or Work-related expenses for purpose of taking a credit for dependent care. See publication 503 (Child and Dependent Care Expenses)
Drug Addiction	Paid for inpatient treatment
Eye Exam	Amount you paid not covered by insurance
Eyeglasses	Eyeglass and contact lenses needed for medical reasons
Eye Surgery	To treat defective vision
Fertility Enhancement	Includes in-vitro fertilizations & reversal surgery
Founder's Fee	(see Lifetime Care-Advance Payments)
Guide Dog or Other (service) Animal	Cost of buying, training, and maintaining a guide dog or other animal to assist a visually-impaired or hearing -impaired person, or a person with other physical disabilities. (Food, grooming, veterinary care - so that the service animal may perform its duties.)

**Medical and Dental Expenses at a Glance**  
**Refer to IRS Medical Expenses Publication 502 for Use in Preparing**  
**Tax Returns**

Health Institute	Only in treatment is prescribed by the physician and the physician issues a statement that the treatment is necessary to alleviate a physical or mental defect or illness of the individual receiving the treatment.
Health Maintenance Organization	Amounts paid to HMO for you, your spouse or dependent to receive medical care from the HMO
Hearing Aids	Hearing aids and batteries, repairs and maintenance
Home Care	See Nursing Services
Home Improvements	(See capital expenses)
Hospital Services	Medical expense amounts for the cost of inpatient care
Insurance Premiums	(Read 502 Publication - more information)
Health Coverage Tax Credit (HCTC)	(Read 502 Publication - more information)
Intellectually and Developmentally Disabled, Special Home for.	Cost of keeping disabled or intellectually challenged person in a special home. (not the home of a relative)
Laboratory Fees	Laboratory fees that are part of medical care
Lactation Expenses	See Breast Pumps and Supplies
Lead-Based Paint Removal	(Read 502 Publication - more information)
Learning Disability	See special education
Legal Fees	Legal fees you paid that are necessary to authorize treatment for mental illness.
Lifetime Care-Advance Payments	Retirement home expenses - see 502 Publication
Lodging	Lodging is primarily for and essential to medical care (See 502 Publication)
Long term Care	Qualified long-term care services including insurance premium
Meals	During inpatient care
Medical Conferences	Admission & transportation to a medical conference that concerns the chronic illness of yourself, your spouse, or your dependent. Does not include cost of meals and lodging while at the conference.
Medical Information Plan	Includes amounts paid to a plan that keeps medical information in a computer data bank and retrieves and furnishes the information upon request to an attending physician.
Medicines	You can't include in medical expenses amount you pay for a drug that isn't prescribed. Those imported from other countries are not allowed.
Nursing Home	The cost of medical care in a nursing home.
Nursing Services	Services need not be performed by a nurse as long as the services are of a kind generally performed by a nurse. This includes caring for the patients' condition, giving medication, changing dressings, as well as bathing and grooming the patient. (Publication provides a formula)
Operations/Surgery	Unnecessary cosmetic surgery-not allowed
Optometrists	See Eyeglasses
Organ Donors	See Transplants
Osteopath	Medical expenses amount you paid
Oxygen	Oxygen and oxygen equipment to relieve breathing problems caused by a medical condition.
Physical Examination	Amount paid for an annual physical examination & diagnostic tests by a physician
Pregnancy Test Kit	

**Medical and Dental Expenses at a Glance**  
**Refer to IRS Medical Expenses Publication 502 for Use in Preparing**  
**Tax Returns**

Prostheses	See artificial Limb and Brest reconstruction surgery
Psychiatric Care	
Psychoanalysis	
Psychologist	
Special Education	Teaching Braille, Lip reading, Remedial language training to correct a condition caused by a birth defect
Sterilization	A legally performed operation to make a person unable to have children
Stop Smoking Programs	Non prescribed medication is not allowed (patches/nicotine gum)
Telephone	Hearing impaired equipment and repairs
Television	Adaptors for audio/hearing impaired persons
Therapy	For therapy received as medical treatment
Transplants	Donor medical expenses
Transportation	Transportation primarily for and essential to medical care
Trips	To other city for medical service includes up to \$50 for lodging for patient and 1 person traveling with patient
Tuition	See Special Education
Vasectomy	
Vision Correction Surgery	See Eye Surgery
Weight Loss Program	For the treatment of a specific disease diagnosed by a physician
Wheelchair	Wheelchair used mainly for the relief of sickness or disability/includes maintenance of same
Wig	For patients' mental health who has lost all of his/her hair from disease
X-ray	For medical reasons

## SERVICE ANIMALS

**As defined by ADA regulations at 28 CFR 36.104:** "Service animal means any guide dog, signal dog, or other animal individually trained to do work or perform tasks for the benefit of an individual with a disability, including but not limited to, guiding individuals with impaired vision, alerting individuals with impaired hearing to intruders or sounds, providing minimum protection or rescue work, pulling a wheelchair, or fetching dropped items."

**Note:** Dogs or other animals that are provided thru reasonable accommodations whose sole function is to provide comfort or emotional support do not qualify as service animals under ADA..

### **From Mass.gov AG's web site:**

**Q:** What is a service animal?

**A:** The ADA defines a service animal as a dog that is individually trained to do work or perform tasks for a person with a disability. If the animal meets this definition, the animal is considered a service animal. The animal does not have to be licensed or certified as a service animal. Reasonable accommodation is required for miniature horses as well; however, a business is allowed to consider the horse's size, and how well it is controlled. State law protects dogs being used, or in training to be used, for people who are blind, deaf or physically handicapped.

Service animals perform some of the functions and tasks that the individual with a disability cannot perform for him or her. "Seeing eye dogs" for example, that assist individuals who are blind are a common type of service animal. But there are service animals that assist persons with other kinds of disabilities in their day-to-day activities. Some examples include:

- Alerting persons with hearing impairments to sound
- Pulling wheelchairs or carrying and picking up things for persons with mobility impairments
- Assisting persons with mobility impairments with balance
- Alerting a person with a epilepsy, diabetes or a psychiatric disability to health changes that need immediate attention

Other laws, including fair housing and employment discrimination laws, allow animals other than dogs and miniature horses and animals that do not have training, such as "emotional support animals" if it is a reasonable accommodation for a disability. If your business has a grant or contract funded by the federal government, you should check with your funding source for applicable rules.

It is important to remember that an individual may have a disability even if that disability is not open and obvious. For example, some service members and veterans are prescribed service animals to treat Traumatic Brain Injury (TBI) and Post Traumatic Stress Disorder (PTSD).

## Expense Form for Service Animal Deductions

Name of Tenant \_\_\_\_\_  
Address \_\_\_\_\_  
Unit # \_\_\_\_\_

**Service Animal Name** \_\_\_\_\_  
Veterinarian Name \_\_\_\_\_  
Veterinarian Address \_\_\_\_\_  
Emergency # \_\_\_\_\_  
Veterinarian Certificates \_\_\_\_\_  
Immunizations (last given) \_\_\_\_\_  
Municipality License \_\_\_\_\_

Cost of Service Animal-  
Purchase Price \_\_\_\_\_  
Food Cost \_\_\_\_\_  
Medical Expenses (includes  
veterinarian services and Rx) \_\_\_\_\_  
Grooming \_\_\_\_\_  
Training Expense \_\_\_\_\_  
Equipment (leashes) \_\_\_\_\_  
\_\_\_\_\_

**Sub Total** \_\_\_\_\_ **0**

**Note: animal jackets, blankets, books, beds, and toys are not deductible.**

The undersigned hereby certifies that the financial data supplied to the housing authority is timely and accurate in all respects. The undersign understands that misrepresentation of facts is a ground for eviction.

\_\_\_\_\_  
Tenant Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Other Adult

\_\_\_\_\_  
Date

\_\_\_\_\_  
Other Adult

\_\_\_\_\_  
Date

## Third Party Verification Unobtainable

Tenant Name: \_\_\_\_\_

Property Address, Unit No. : \_\_\_\_\_

Please answer the following:

**A.** The following could not be verified by 3<sup>rd</sup> party:

\_\_\_\_\_

**B.** Original request for verification was made on what date:

\_\_\_\_\_

- Attach a copy of the original request to show date sent
- The original request must be outstanding for 10 days

**C.** Explain why third party verification was unobtainable.

\_\_\_\_\_

**D.** What follow-up efforts were made to obtain third party verification:

\_\_\_\_\_

**E.** The following documents are provided in lieu of third party verification:

\_\_\_\_\_

\_\_\_\_\_  
Signature LHA Staff Person

\_\_\_\_\_  
Date

## RECORD OF FOLLOW-UP OF VERIFICATION FOR

ELIGIBILITY

RENT DETERMINATION

CONTINUED OCCUPANCY

Applicant/Tenant Name: \_\_\_\_\_

Property Address and Unit No.: \_\_\_\_\_

The following information required follow up:

---

Name and Title of Person Contacted: \_\_\_\_\_

Contacted via \_\_\_\_\_, on \_\_\_/\_\_\_/\_\_\_

The information below was provided:

---

---

---

---

\_\_\_\_\_  
Signature of LHA Staff Person

\_\_\_\_\_  
Date

*Chapter 5:*

14 Day from  
Redetermination Date –  
Notifying the Tenant

**LHA Letterhead**

**Notice of Rent Adjustment**

Pursuant to your lease, you are hereby notified that your rent has been adjusted as required by DHCD regulation 760 CMR 6.04. The regulation is posted in our administrative offices.

DATE: \_\_\_\_\_ PREPARED BY: \_\_\_\_\_

TENANT: \_\_\_\_\_ ADDRESS: \_\_\_\_\_

PRESENT RENT: \_\_\_\_\_ ADJUSTED RENT: \_\_\_\_\_

EFFECTIVE DATE OF ADJUSTED RENT: \_\_\_\_\_

YOUR RENT HAS BEEN ADJUSTED BASED ON INCOME/DEDUCTION DATA ON FILE AS FOLLOWS:

1. TENANT HOUSEHOLD'S MONTHLY GROSS INCOME: \_\_\_\_\_ (A)

2. ALLOWABLE MONTHLY DEDUCTIONS: \_\_\_\_\_ (B)  
(ANNUAL DEDUCTION ÷ 12 MONTHS)

3. NET MONTHLY INCOME (A-B): \_\_\_\_\_ (C)

4. YOU ARE PAYING 32%, 30%, 27% or 25% OF YOUR NET MONTHLY INCOME FOR RENT. (circle one)

You are reminded that you are required by your lease to report by the seventh (7th) day of the month following the month in which the increase occurred any increase in income and/or change in the size of your household.

If you do not agree with this determination, please contact this office for further assistance. If at that time you still do not agree that your rent was calculated correctly, and according to the regulations governing the rent as set forth by the Department of Housing and Community Development, you may request a grievance hearing, in writing. You may present all relevant information pursuant to the Housing Authority's Grievance Procedure. A request for a grievance hearing must be in writing and must be mailed or delivered to the Housing Authority no later than fourteen (14) days after the date this notice was received. You have the right to examine your file before the grievance hearing. You are entitled to be represented at the grievance hearing by an attorney or other person of your choice at your own expense. If you or your representative requests a grievance hearing, you will be notified in writing when it will occur. In the event that you file a grievance you must continue to pay the then current rent, unless the redetermined rent is lower, until disposition of the grievance. Upon final disposition of the grievance, you shall pay any additional amounts determined to have been due but not paid since the effective date set out in this notice or the LHA shall credit you with any amounts paid but determined not to have been due.



**LEASE ADDENDUM**

The lease, as executed on \_\_\_\_\_, between \_\_\_\_\_ (Tenant) and the \_\_\_\_\_ Housing Authority (LHA) is hereby extended under the same conditions as the original lease mentioned above with the exception of the following amendment(s):

(a) Section II. A. **RENT**

The rent for the extension period shall be \$\_\_\_\_\_ per month, effective and payable on or before the first (1<sup>st</sup>) day of each month, commencing on \_\_\_/\_\_\_/\_\_\_\_\_.

(b) Section I. **DESCRIPTION OF THE PARTIES AND THE LEASED PREMISES** (authorized members of tenant household)

Except as otherwise provided in the lease, the leased premises shall be occupied by the following named individuals only:

_____	_____
_____	_____
_____	_____
_____	_____

All other conditions of the original lease and addenda except those changed by separate subsequent addendum such as monthly rent and authorized occupants, shall remain in effect.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Tenant: \_\_\_\_\_

\_\_\_\_\_

LHA: \_\_\_\_\_



*Housing Authority Letterhead*

Name of Tenant  
Address  
City or Town, State, Zip

Date \_\_\_\_\_

**NOTICE OF RENT REDETERMINATION AND INELIGIBILITY FOR CONTINUED OCCUPANCY**

Dear Tenant:

This is to notify you that your current household income exceeds the allowable level for continued occupancy of your state-aided housing unit. In accordance with the state regulations at 760 CMR 5.06(2)-(3), 760 CMR 6.06(6)(f) and the provisions of your lease, you are required to vacate your unit because you are no longer eligible. The Housing Authority may provide an exemption of up to six months if you can show a hardship which prevents you from moving right away.

Your rent has been redetermined based on the most recent recertification information, and will continue to be calculated as set out below. Thus, during this period of time your monthly rent will be \_\_\_\_\_.

**YOUR RENT HAS BEEN ADJUSTED BASED ON INCOME/DEDUCTION DATA ON FILE AS FOLLOWS:**

1. TENANT HOUSEHOLD'S MONTHLY GROSS INCOME: \_\_\_\_\_ (A)
2. ALLOWABLE MONTHLY DEDUCTIONS: \_\_\_\_\_ (B)  
(ANNUAL DEDUCTION ÷ 12 MONTHS)
3. NET MONTHLY INCOME (A-B): \_\_\_\_\_ (C)
4. YOU ARE PAYING 32%, 30%, 27% OR 25% OF YOUR NET MONTHLY INCOME FOR RENT.  
(circle one)

If you disagree with the above determination, you have the right to file a grievance under the Housing Authority's grievance procedure within 14 days of this notice of re-determined rent. The written request must be delivered or mailed to the Housing Authority within the 14 day period. The Housing Authority will notify you of the time and date of an informal settlement conference. The purpose of the conference is to attempt to settle the grievance without the need for a grievance hearing. If you file a grievance, you must continue to pay the rent now in effect (unless the re-determined rent is lower) until disposition of the grievance. Following disposition of the grievance, you must forthwith pay any additional amounts determined to have been due but not paid since the effective date set out in this notice or the Housing Authority will credit your tenant account with any amounts paid but determined not to have been due. If you do not file a grievance, the re-determined rent shall be paid beginning on its effective date. Failure to attend an informal settlement conference shall not affect a your right to a grievance hearing.

Sincerely,

\_\_\_\_\_  
*Executive Director or Tenant Selection Coordinator*



*Chapter 6:*

**MassNAHRO Presentation  
on Rent Redetermination**

# State-Aided Public Housing



## Determining Household Income for Rent Determination

November 15 , 2016 Training

# Law & Regs

- M.G.L. 121B Section 32
- Ch. 141, An Act Relative to Housing Operations, Military Services, and Enrichment
- 760 CMR 6.00 Occupancy Standards and Tenant Participation for State Aided Housing (sections 6.03, 6.04, 6.05)
- 760 CMR 5.06 (2) Continued Occupancy

# Where Can I Find Laws and Regulations?

- <http://www.mass.gov/hed/economic/eohed/dhcd/>
  - Click on Our Organization, then Legal, then DHCD MGL or Regulations

# Tax Rules & Definitions

May be applicable but....

.....DO NOT RULE!

# Tax Rules vs. DHCD Regs.

Considered as income under IRS tax rules

	IRS	DHCD
Full-time student income	Yes	No
Elderly income exclusion	Yes	No
Welfare to work	Yes	No
Child support payments	No	Yes

# Gross Household Income vs. Net Household Income

- **Gross Household Income** from all sources, including income from assets, for all household members, as defined by regulation
- **Net Household Income** is gross household income,
  - excluding non-income items specifically excluded by regulation (**Exclusions**), and
  - allowable expenses are deducted, as defined by regulation (**Deductions**)

# Rent

- Rent is based on Net Household Income as defined by 760 CMR 6.05

# Amount of Rent for c667 c200, c705

	c667	c200 & c705
■ Pays no utilities	30%	32%
■ Pays for one or more	25%	30%
■ Pays for all utilities		27%

(Round to the nearest whole dollar)

# Amount of Rent for Overhoused Households

Households who are overhoused and refuse transfer to smaller unit pay 150% of their rent.

## **Example.**

Current rent = \$250 per month X 150%

Rent for same unit now = \$375.00

# When is Rent Determined

## LHA Initiated

- At initial occupancy – just prior to lease execution
- Annually – new rent effective as of the effective date of lease or on a date specific selected by the LHA

# Process for Annual Rent Determination

Effective Date of New Rent is to be June 1

**60 Days Prior: April 2nd**, LHA sends tenant Notice of Continued Occupancy, the Continued Occupancy Form, and General Authorization of Release Form to be returned by May 1<sup>st</sup>.

**30 Days Prior: May 2<sup>nd</sup>**, All tenant information should be submitted to LHA including forms and verification of income and deductions.

If not received can begin eviction – 30 day notice of lease violation (Sec. X (C)(8))

If not received base rent on previous year until info is received. Once received rent is retroactive to effective date, June 1. Or if receive partial info. Calculate with old and new. Once receive rent is retroactive to effective date, June 1.

**14 Days Prior: May 18<sup>th</sup>**, Notice of Rent Change w/Rent Calculation Form & Lease Addendum, effective June 1, or Notice of Ineligibility for Continued Occupancy must be sent to Tenant.

# Timeline for Annual Rent Determination



# When is Rent Determined

## Tenant Initiated

- Interim
  - Increase in household income
  - Decrease in household income

**Interim increase** of gross income should be 10% or more. The LHA must give Tenant a **14 day notice** of increase and it must start on the **1<sup>st</sup> of the month**.

**Interim decrease** of gross income can be any amount. The LHA must determine the new rent to be **effective** on the **1<sup>st</sup> of the month following the month** the Tenant **reported** the decrease.

# Tenant Failure to Supply Necessary Information

- DHCD Lease Section X ( C ) (8)
- 760 CMR 6.06 (6) (g) = can evict for failure to supply complete and accurate information necessary for a rent determination.

# Eligibility for Continued Occupancy

- 760 CMR 5.06 (2)
  - When tenant rent equals or exceeds FMR for appropriate unit size, they are no longer eligible for continued occupancy.
  - No matter what percentage tenant is paying. This determination is based on 30% of income for elderly and 32% for family.

# What is included in Gross Household Income ?

- Gross wages and salaries
- Income from self-employment
  - after necessary deductions for the operation of the business
  - not to exceed 85% of the gross receipts of the business
- Income from real or personal property
- Periodic Payments
  - Social security, annuities, retirement funds, pensions, IRAs, similar retirement benefits excluding identified return of capital

# Inclusions in Gross Household Income Cont.

- **Payments in lieu of earnings**
  - Unemployment, SSI, SSDI, workers compensation
  - Unallocated lump sum settlements paid on account of lost wages equitably allocated for the period of injury
- **Regularly recurring contribution or gift**
  - Any single gift of at least \$2,000 occurring once a year from year to year
  - Recurring is any contribution or gift occurring twice a year for 2 or more years
- **Regular payments of public assistance**

# Inclusions in Gross Household Income Cont.

- Support payments
  - Child support
  - Foster care
  - Social security
  - Public assistance
- Lottery and gambling winnings
- Income from a trust
- Alimony or separate support payments

# What is Excluded from Gross Household Income

- Non-recurring **gift**
- Amounts for cost of **medical** care, personal injury or payments for loss or damage under health, accident or liability insurance
- Amounts of **educational** scholarships
- Special **military** pay for war zone service
- **Relocation** payments made pursuant to federal or state law

# Exclusions from Gross Household Income Cont.

- Social Security PASS Payments
- Food Stamps
- Domestic Volunteer Service Act of 1973
- Public Assistance to Work
  - Received each month for previous 12 months
  - Increased income accompanied by decreased public assistance
  - Recipient would have continued to earn the public assistance
  - Tenant exercises timing when to invoke
- Job training stipends paid to cover the cost for:
  - Day care
  - Program fees
  - Books
  - Transportation

# Exclusions from Gross Household Income Cont.

- Wages earned by full-time student (FTS) or emancipated minor
  - FTS- dependent household member
  - Ages of 18 to 25 years
  - Carrying full-time course load for daytime student
  - Accredited institution
  - Not to exceed the length of time normally required to complete requirements
    - Associates degree – 2 years
    - Bachelor degree – 4 years

# Exclusions from Gross Household Income Cont.

- **Income of live-in PCA**
  - Not a family member
  - Paid fair value for services provided
  - PCA's income is not available to household member
- **Inheritances or life insurance proceeds**

# Exclusions from Gross Household Income

- Federal Veteran Disability Benefits in excess of \$1,800 per month
  - PHN 2016-29, Changes Pertaining to Veterans
    - 100% Disabled and,
    - 100% unemployable
- Elderly Wage Exclusion
  - At least 62 years of age
  - Minimum wage for up to 20 hours

# Federal Veteran Disability Benefits in excess of \$1,800 per month

- Benefit Amount = **\$3,032** per month  
- **\$1,800**  
\$1,232 excluded amnt

New rent based on **\$1,800** per month  
**\$21,600** per year

# Implementation of Veteran Disability Benefits

- **PHN 2016-32**; Guidance on Implementation of Changes in the Law Pertaining to Veterans
- **Effective:** October 6, 2016
- **Implementation:** Request by Tenant *OR* No later than next scheduled Annual Redetermination
  - **Deductions:** Only apply deductions up to the included income. Do not apply deductions against the excluded income.

# Elderly Wage Exclusion

## Qualifying Factors

- 62 years of age or older
- Employed

## Exclusion cannot exceed equivalent of:

- 20 hours per week at minimum wage
- (\$10.00 @ 20 hours/week = \$200/week or \$10,400/year)

# Example #1

The LHA's 66 year old tenant works 8 hours per week, at \$13.00 an hour. No other household member is working. To determine the allowable exclusion of this earned income, the Authority does the following calculation:

\$ 13.00	Hourly Rate
x 8	Hours Per Week
<hr/>	
104.00	Salary Per Week
x 52	Weeks
<hr/>	
\$5,408.00	Total wages

The total wages, \$5,408 are less than the maximum allowable exemption of \$10,400. Total amount \$5,408 is excluded.

# Q & A

## Scenario: A tenant household (family dev) w/3 household members

- One member = age 61
  - Employed by library 16 hrs./week @ \$10/hr.
- second member = age 64,
  - attending community college w/work-study job
  - 12 hrs./week @ \$7.75/hour
- third member = age 27
  - receives \$225 per week in unemployment benefits

## Q: Is this income exclusion applicable to this household?

### A: Yes,

- regardless of whether household lives in family or elderly c housing
- household has 1 employed member > 62 yrs. of age
- earns \$4,836 per year [ $(\$7.75/\text{hr.})(12)(52)=\$4,836$ ]
- earnings < max excludable amount
- full amount of earnings (\$4,836) excluded from gross household income
- All other income for household is included in gross household income

# Q & A Cont.

## Scenario:

- Applicant for c. 667 elderly/handicapped housing
- Working full-time (earns \$17,241/year)
- Plans to retire in 2 years (on 65th birthday)

**Q:** Is this income exclusion applicable to this household?

**A:** Yes

- To both applicant and tenant households
- LHA would exclude \$10,400 of wages (the current max excludable amount) from applicant's gross household income

# Deductions from Gross Household Income

- **\$400** for elderly or handicapped Tenant that is living in c. 200 or c. 705, provided the household is not overhoused
- **\$300** for each unemancipated minor under 18 years of age
- **\$300** for each income contributing adult member
- **Heat deduction** where tenant household pays such costs (DHCD schedule)

# Deductions from Gross Household Income

- Necessary **medical expenses in excess of 3%** of gross household income
  - Use IRS Schedule 502 for eligible expenses
  - Health insurance and medicare insurance
- **Day care** and member care necessary for employment
- Child **support**, separate support and or alimony **payments**
  - Court ordered
  - Court approved
- **Tuition and fees** for vocationally related post secondary education for member other than FTS
- Necessary **housekeeping or personal care services** for member with a disability
- Certain **travel expenses** for **member with a disability**
  - This amount is a deduction and is not included in the calculation of medical expenses in excess of 3% of gross household income

# Household Asset

*Cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stock, bonds, etc.....*

- Savings/checking accts.
- Stocks, bonds, certificates, money market funds, etc.
- Equity, trusts, retirement, life insurance,
- Gems, jewelry, coin collections, etc.

# How is Income from Assets Determined

Formula for Total Assets **Under \$5,000**

Asset income + Income = Total Household Income

Formula for Total Assets **Over \$5,000**

Use greater of:

- Actual income (all net household assets)

OR

- Imputed asset income (\$value x HUD passbook rate)

Greater amount + Income = Total Household Income

# Verification Tenant Supplied

- **Prior year's tax reporting forms received by the tenant, including:**
  - W-2 forms
  - W-G2 forms
  - 1099 or 1099R forms
  - Any other tax reporting forms, as appropriate
- **Self Employment Income**
  - Prior year's Schedule C of US Form 1040
  - Any other tax reporting forms, as appropriate
- **Deduction Verification**
  - Care of child or incapacitated household member, cancelled checks
  - Printout of pharmacy charges, medical charges including co-payment amounts
  - Health insurance bill and cancelled checks
  - Transcript showing full case load of classes for full time student
  - Alimony or child support payments, copy of approved court agreement
  - Payments of tuition and fees, bill and cancelled check

# Verification

- Income = going forward.
  - Cant verify, use previous year 1040
- Medical is based on previous year expense
  - Medicare insurance = current

# LHA May Require Third-Party Verification

- Verification by a reliable person or entity, other than the household member
- Verification from the source
  - Employer
  - Public Assistance
  - Financial Institutions
  - Approved court order defining alimony payment, and or child support
  - Care provider
  - Pharmacy
  - Health insurance provider
  - Trust documents
  - IRS filings

# Asset Verification Tax Forms

- W-2, W-2C, W-2G
- 1099-B, 1099-D, 1099-G
- 1099-INT, 1099-MISC, 1099-R, 1099-S
- K-1

## Scenario #1

**Disabled Tenant – has rent determination scheduled for this month.**

**She receives \$750.00 monthly from SSI.**

**\$2083.33 per month from an Annuity account which has a balance of 600,000.00. IRS Form 1099R shows that her taxable amount in Box 2a is \$15,000.00 and her gross distribution in Box 1 is 25,000.00. The interest on the annuity account is 2.5% annually.**

**She also reports that she has just inherited \$100,000 due to her uncles' death which will be adjusted by 250.00 which she will receive due to interest earned for this year.**

**Tenant also has a savings account of 3,458.00 with .05% interest and a money market CD of 500.00 earning interest at 1.5%.  
What is Gross Household Income?**

## Assets:

<b>Income from asset</b>		<b>Imputed Income Rate of 1%</b>
Annuity	\$600,000	@ 2.50% = 15,000.00
Sav. Acct.	3,458	@ .05% = 1.73
CD	500	@ 1.50% 7.50
	<hr/>	<hr/>
	\$603,958	15,009.23

Imputed Income Rate At 1% = \$6,039.58

## Income

SSI	750 X 12	= \$9,000.00
Asset Income		15,009.23
Int (Inheritance)		250.00
Gross Annual Income		\$24,259.23

## Scenario #2

**Applicant A applies for elderly housing. Income information provided is as follows:  
Elderly Man 75 yrs of age**

**Social Security:** Receives \$750 month minus \$17.50 deducted for Medicare Payments.

**RR Pension:** \$860 month

**Checking Account:** \$350 monthly average no interest

**Savings Account:** \$4,250 interest rate of .05%

**Vacant One Family House:** (not sold due to economic climate) Applicant is sole owner or the house

Fair Market Value of the house	=	\$350,000.00
Real Estate Taxes are	=	4,590.00 per year
Lien on the House	=	12,250.00
Risk Insurance	=	2,515.00per year

### **Questions:**

What is the value of applicant's assets?

What is the income from the assets?

## Questions:

What is the value of applicant's asset?

Checking	350.00
Savings	4,250.00
R E	<u>350,000.00</u>
	<b>\$354,600.00</b>

What is the income from the assets?

Actual vs. imputed@ 1%

0
2.12
<u>0</u>
<b>2.12</b>

Imputed income @ 1% = **\$3,546.00**

(take the greater amount of actual or imputed )

What is Gross annual income?

SS = 750 X 12	= \$9,000
RR = 860 X 12	= 10,320
Interest	= <u>3,546</u>
	<b>\$ 22,866</b>

# What's to Come

- DHCD will publish Frequently Asked Questions regarding Rent Calculation
- How to Help Us Develop a FAQ
  - Write your questions down and place in the box on back table.
  - Send your questions to your HMS via email



## *Chapter 7:*

Follow-Up Questions from  
MassNAHRO Presentation  
on Rent Redetermination

## FREQUENTLY ASKED QUESTIONS

### APPLICANT ELIGIBILITY, CONTINUED OCCUPANCY, & RENT DETERMINATION

**A. Veterans Preference and Rent Calculation for 100% disabled unemployable Veteran  
Clarification of changes in the veteran preference and veterans rent calculation.**

- 1. In c. 667 housing, does the change in the law now require LHAs to give veteran preference to the spouse, surviving spouse, parent or other dependent of such person (in addition to the veteran)?**

Yes. Veteran preference continues to be given to the spouse, surviving spouse, parent or other dependent of such person as it did prior to the change in the law. DHCD regulations refer to M.G.L. Chapter 121B, Section 1 for the definition of a veteran and that definition states the following: "Veteran", any person who is a veteran as defined in clause Forty-third of section seven of chapter four. The word "veteran" as used herein shall also include the spouse, surviving spouse, parent or other dependent of such person."

- 2. In c. 667 housing would a non-local veteran be housed before a local resident?**

Yes. Offer of housing is made first by priority and then highest preference within the priority. Preferences are administered in the following order: Veteran, then Local Resident. The preferences are cumulative so a Veteran who is also a Local Resident goes ahead of a Veteran who is not a Local Resident. Within each priority category, applicants would be placed as follows:

Veteran local resident  
Veteran non-resident  
Local resident  
Non-resident

Further, **for the c. 667 program** the LHA needs to take into consideration whether or not the c 667 developments overall house 86.5% elders and 13.5% non-elderly disabled and whether or not it is using an Affirmative Action Preference.

Regulation Reference:  
760 CMR 5.10

- 3. Is there any change in the way in which veteran preference is administered in the c. 200 program?**

No. It remains the same. Offer of housing is made first by priority and then highest preference as stated above for c. 667.

**4. Is there any change in the way in which veteran preference is administered in the c. 705 program?**

Yes. Where an LHA **does not** administer a **c. 200 program** and administers a c. 705 program veteran preference is given for all units not just 20% of the units as done previously. Just like c. 667 and c. 200 housing offers are made first by priority and then highest preference within that priority as stated above.

An LHA that **administers a c. 200 program does not take** veteran preference into consideration **when making a unit offer for a c. 705 unit**. Veteran preference does not apply to the c. 705 program in these circumstances, it only applies to the c. 200 program.

**5. Is the exclusion of benefits in excess of \$1,800 for 100% disabled veterans who are totally unemployable because of a service connected disability calculated on an annual basis?**

No. It is calculated on a **monthly** basis. The Act says to exclude income from 100% disabled veterans benefits of more than \$1,800 **per month**. Therefore, assuming the veteran's only source of income is disability compensation paid by the federal government to the veteran who is 100% disabled and unemployable because of a service connected disability, the LHA **must** exclude the disability income that is more than \$21,600, per year, prospectively ( $\$1,800 \times 12 = \$21,600$ ).

**6. Is the implementation of the benefit exclusion in excess of \$1800 at each individual LHAs discretion?**

**No. An LHA no longer has discretion on whether to exclude** any income from 100% disability veteran's benefits. Amounts of such income that exceed \$1,800 per month must be excluded.

Please be advised that no deductions may be applied against the excluded income.

**7. How do we implement the rent calculation change for tenants at LHAs that have previously exercised discretion to exclude income in excess of \$1,800 per year of a veteran who is 100% disabled and unemployable under the former law? Are those tenants who have been receiving the exclusion "grandfathered in?"**

For LHAs that have implemented the exclusion of income in excess of \$1,800 **per year** for current unemployable 100% disabled veteran tenants, **prior** to this change in the law: The LHA **must** continue to exclude all but \$1,800 of the annual amount of the disability compensation paid by the federal government to that veteran who is 100% disabled and unemployable.

PLEASE NOTE: DHCD's proposed regulation, which is awaiting approval from ANF would allow an LHA to raise the rent by 10% per year until it reaches the rent that would be calculated using the new mandatory monthly exclusion. DHCD will have to go out for comment on the new regulation. We anticipate that being sometime in April.

If, prior to the change in the law, the LHA did not exclude any amount of the federal disability compensation received by the unemployable 100% disabled veteran, the LHA must implement the new required change in rent calculation, upon request by the tenant who is eligible for the exclusion, but no later than the next scheduled re-determination for such tenant

**8. How do we implement the rent calculation change for new tenants who are eligible for the income exclusion?**

LHAs must implement the change to the rent calculation for new tenants who are eligible for the exclusion upon lease up. The veteran's initial rent determination must exclude all federal disability compensation received by unemployable 100% disabled veteran in excess of \$1,800.00 **per month**.

**9. Does the >\$1,800 per month exclusion for Totally Disabled Veterans' Benefits apply to surviving spouses, dependents and children of such veterans?**

No, the exclusion is for the veteran who is totally disabled and unemployable.

**B. Annual Redetermination or Interim Redetermination**

**1. If an LHA conducts all annual rent re-determinations during one month of the year, but a tenant asks for their rent re-determination to be completed sooner (on the anniversary of their initial lease date), must the LHA conduct the rent-re-determination on the anniversary of the tenant's initial lease date?**

The tenant can always ask, but the LHA does not have to change its policy unless the request is due to reasonable accommodation. If it is a reasonable accommodation request on account of a tenant's disability the LHA must consider it.

Remember, the tenant can ask for an interim rent determination at any time provided there has been an income change of 10% or more or a reduction of any amount in household income, and the LHA must re-determine the rent.

Regulation Reference:

*760 CMR 6.04(4) Annual Re-determination*

The Re-determination Date. The LHA shall re-determine each tenant's monthly rent once annually to be effective on a specific re-determination date which shall be the first day of a month. This re-determination date should be the same each year unless the LHA gives the tenant reasonable advance notice of a different date no more than a year subsequent to the most recent notice of rent as determined by the LHA. Please note that the re-determination must be done within 12 months.

**2. Will an AUP Finding be issued if the tenant's rent re-determination was not completed in a timely manner due to the tenant failing to provide complete and accurate information in a timely manner?**

Yes, even if you have not received information from the tenant, per the regulations below, the "LHA may make a re-determination of such income based on whatever reliable information which it has or may continue to use its most recent income re-determination." The 14 day notice should be sent out regardless to let the tenant know the rent effective on their redetermination date. At a later date, "the LHA may thereafter make an adjustment of rent retroactive to the redetermination date, following receipt of more complete and accurate information."

Regulation Reference:

*760 CMR (4) Annual Redetermination*

*(d) The Re-determined Rent. No less than fourteen (14) days prior to the re-determination date, the LHA shall re-determine rent by computing the applicable percentage of annual net household income. In general, annual net household income shall be an annualization of then current monthly net household income. However, where annualization of monthly income is unlikely to reflect actual annual income, the LHA may use some other method for determining the annual amount of income, including use of the prior year's income.*

*If within the time allotted, the tenant shall have failed to provide sufficient, complete, and accurate information in order for the LHA to make a reliable re-determination of the household's monthly net household income, the LHA may make a re-determination of such income based on whatever reliable information which it has or may continue to use its most recent income re-determination. The LHA may thereafter make an adjustment of rent retroactive to the re-determination date, following receipt of more complete and accurate information.*

*(e) Notice and Effective Date of the Re-determined Rent. The LHA shall give the tenant no less than fourteen (14) days prior written notice of the amount of the rent to be effective on the re-determination date. In the event that the information provided by or on behalf of the tenant shall have been incomplete or inaccurate, upon receipt of more complete or accurate information, in addition to its other remedies, the LHA shall appropriately adjust the rent. Following such adjustment, the LHA shall give the tenant*

*an amended written notice of the re-determined rent which shall be retroactively effective to the re-determination date. Each notice of re-determined rent shall set out the monthly gross household income (one-twelfth of annual gross household income) and the monthly net household income (one-twelfth of annual net household income) on the basis of which the re-determined monthly rent was computed.*

- 3. What kind of documentation should be kept in a tenant file regarding 1) attempts to collect information necessary from the tenant for rent re-determination and 2) attempts to obtain third party verification for rent re-determination purposes?**

Example of Documentation for File

**RECORD OF FOLLOW-UP OF VERIFICATION FOR**

ELIGIBILITY

RENT DETERMINATION

CONTINUED OCCUPANCY

Applicant/Tenant Name: \_\_\_\_\_

Property Address and Unit No.: \_\_\_\_\_

The following information required follow up:

\_\_\_\_\_

Name and Title of Person Contacted: \_\_\_\_\_

Contacted via \_\_\_\_\_, on \_\_\_/\_\_\_/\_\_\_

The information below was provided:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature of LHA Staff Person

\_\_\_\_\_

Date

And/Or

**Third Party Verification Unobtainable**

Tenant Name: \_\_\_\_\_

Property Address, Unit No. : \_\_\_\_\_

Please answer the following:

**A.** The following could not be verified by 3<sup>rd</sup> party:

\_\_\_\_\_

**B.** Original request for verification was made on what date:

\_\_\_\_\_

- Attach a copy of the original request to show date sent
- The original request must be outstanding for 10 days

**C.** Explain why third party verification was unobtainable.

\_\_\_\_\_

**D.** What follow-up efforts were made to obtain third party verification:

\_\_\_\_\_

**E.** The following documents are provided in lieu of third party verification:

\_\_\_\_\_

\_\_\_\_\_

Signature LHA Staff Person

\_\_\_\_\_

Date

**4. If a tenant reports an increase in income (10% or more) per month after the annual increase takes place, is the new (increased rent) effective retroactively or is it effective the following month after the rent re-determination is completed?**

First an increase in income can be the result of a change in income, exclusions, and/or deductions. The tenant must report an increase of 10% or more to the LHA by the 7<sup>th</sup> day of the month following the month in which the increase occurred.

If the tenant reports an increase in income by the 7<sup>th</sup> day of the month, as stated:

Example:

Increase in income occurred on July 1

Tenant reports the increase July 7

LHA calculates the new rental amount, gives the Tenant 14 day notice and implements the new rent effective the first day of a month; August 1.

If the tenant does not report the increase by the 7<sup>th</sup> day of the month following the increase, the new rent is effective retroactively to the first day of the second month following the increase in income. Example:

Increase in income occurred on July 1

Tenant reports the increase August 1

The LHA calculates the new rental amount effective August 1.

Regulation Reference:

760 CMR 6.05(5)

(a) Increases. If in any month the monthly gross household income of a tenant household increases by ten percent (10%) or more from the amount contained in the most recent notice of rent as (re)determined by the LHA, the tenant shall report any such increase, including any changes in income, exclusions and deductions. The tenant shall report the increase to the LHA by the seventh day of the month following the month in which the increase occurred, provided that if the increase was anticipated in the prior computation of gross household income, the tenant need not report the increase.

The LHA shall require verification of such increase in income. If as a result the amount of rent increases, at least fourteen (14) days before the effective date of a rent increase, the LHA shall give the tenant a written notice of the re-determined rent. Any such increase in rent shall be made effective on the first day of a month. The notice of re-determined rent shall set out the monthly gross household income and the monthly net household income, on the basis of which the re-determined monthly rent was calculated.

In the event that a tenant shall have failed to report such an increase in income by the seventh day of the month following the increase, in addition to its other remedies, the

LHA, upon discovery that increased rent was due, shall make the effective date of the increase in rent retroactive to the first day of the second month following the increase in income.

- 5. If a working dependent household member turns 18 years old mid-year, is the household required to evaluate whether the income would increase household income by 10% and report the increase, or wait for the next re-determination?**

No, wait until re-determination of annual income. Requiring reporting mid-year places the burden on the Tenant to know and understand the rent regulation as well as do the math.

**C. Eligibility/Continued Occupancy:**

- 1. Is an applicant eligible for housing if their income is below the published eligibility income limits but the percentage of rent based on that income is above the FMR for the appropriate bedroom size? For example, a couple applies with an income of \$52,000. The published income limit is \$54,350. However, the one bedroom FMR is \$724, however 30% of their income sets the rent at \$1,089. Their rent is over the FMR. How is this addressed?**

The applicant is income eligible and would receive a unit offer. Rent will be the FMR amount. The household would pay no more than the Section 8 Existing/Voucher Program FMR. At annual rent re-determination is when this becomes an issue. At this time, the LHA will determine the continued eligibility of a household. A household is no longer eligible for state-aided public housing when their rental payment of 32% for family households and 30% for elderly households exceeds the FMR for the appropriate size unit for the household.

The LHA has to inform the household they are no longer eligible for housing. The LHA can allow the household to stay for up to six months if they can show there is a hardship which prevents them from moving. An LHA can also request a waiver from DHCD provided the household and the LHA can show a hardship lasting more than six months.

**Regulation Reference:**

760 CMR 5.06 (2) and (3)

(2) A household occupying a unit in family or elderly/handicapped housing shall remain eligible for continued occupancy until such time as 30% of its monthly net household income equals or exceeds the fair market rent (FMR) then in effect for the Section 8 Existing/Voucher Program for a unit of appropriate unit size in the area in which the LHA is located.

(3) A household occupying a unit in family housing shall remain eligible for continued occupancy until such time as 32% of its monthly net household income equals or

exceeds the fair market rent (FMR) then in effect for the Section 8 Existing/Voucher Program for a unit of appropriate unit size in the area in which the LHA is located.

760 CMR 6.06 (6) (f)

(f) Income which exceeds the maximum allowable for a household under applicable regulations or authorization, provided that the LHA may provide an exemption for up to six months if tenant can show there to be a hardship which prevents relocation of the household to unsubsidized housing.

**2. Can you require an over-housed tenant living in a family development to move via a MRVP voucher?**

No you cannot require an over-housed tenant living in a family development to move via a MRVP voucher. There are many differences between the state-aided public housing program and the MRVP program that have a direct impact on the tenant's household and income. You can offer the MRVP voucher to the tenant, but cannot force them to use it. The regulation states that an over-housed tenant will transfer to a unit of appropriate size.

Regulation Reference:

760 CMR 6.09(5) (b)

**D. Income and Assets: Questions relating to Personal Care Attendants (PCAs):**

**1. Can or should LHAs run a CORI on live-in PCAs?**

Yes.

A live-in PCA is a member of the Family (Household) pursuant to 760 CMR 5.03. In order to have a particular PCA as a person who is authorized to live in the unit, the applicant/tenant would have to provide information to the LHA so that the CORI could be obtained. Every adult living in state-aided public housing needs to be CORI checked. This is not to say that a disabled tenant/applicant cannot have a PCA, but rather to say that if a particular **live-in** PCA who is proposed is not approved, the applicant/tenant would have to find someone else. This applies to **live-in** aides **only**.

**2. Can a PCA be a Family member?**

The answer depends on the purpose of the question. If the PCA is someone who will be allowed to live in the unit, then yes, they can be a family member. One purpose of the language in the definition of Family (Household) at 760 CMR 5.03 is to allow a person who is not a "Family member" in terms of being related by blood, marriage or a stable family relationship to be able to reside in the household.

If the person caring for a disabled household member is a member of the Family, then there isn't an issue anyway. Nothing prohibits a family member from living in the household in order to assist a disabled household member.

**3. Is income of a family member PCA included in household income?**

Yes.

Regulation Reference:

760 CMR 6.05(3) (l) does not allow a Family member to have his/her income excluded. If the federal public housing rent regulation allows a PHA to exclude income of a PCA who is a Family member, that doesn't change the rent regulations for state-aided public housing.

**4. Can an applicant or tenant request that the family member PCA's income not be included in household income as a reasonable accommodation?**

Reasonable accommodations for disabled applicants/tenants must always be considered on a case-by-case basis. Cases are very fact specific. Every reasonable accommodation request made must be *considered*. There may be some unique set of circumstances under which an LHA should consider a request not to include someone's income in the rent, contrary to the regulation. But it would depend on the facts of the case, and then the LHA would need to determine whether it would be a "change in the nature of the program."

**5. Are stipends that elderly tenants/residents receive (for work done at elderly centers or other such agencies) included under the elderly income exclusion?**

Yes, it is includable income, as it is in lieu of wages. Therefore, it is included when determining the exclusion from income and wages and/or salary earned by a tenant or household member who is age 62 or older pursuant to 760 CMR 6.05(3)(p).

Remember, there are stipends that are completely excluded from income. Stipends received from programs funded by the Domestic Volunteer Service Act of 1973 are excluded from income. Verification of the funding source can be requested from the program providing the stipend. (Ref: 760 CMR 6.05(2) (h))

**6. A household's child is placed in a residential program. The fees are paid by the Department of Education and the parent continues to receive SSDI for this child and has to pay medical costs for the child. How are income and deductions treated for this household?**

We are making the assumption that the Tenant is the legal guardian and the child has not been taken away, the child could come home from the residential program if the family took the child back. The LHA should consider this situation as an absent member from the household. The SSDI is income and the medical costs, as long as paid and are not reimbursed by insurance or some other reimbursement method, would be included in the household's overall medical expenses that will be deducted if they exceed 3% of gross household income.

Regulation Reference: 760 CMR 6.05 (4) (e) and (g)

**7. What is the imputed income percentage rate that LHAs should use to impute income from assets for assets over \$5,000? (Also, please clarify is it assets equal to or greater than \$5,000 or greater than \$5,000.)?**

The current passbook savings rate is 1% (imputed income percentage).

Household assets that are **greater** than \$5,000. The LHA includes as income the greater of:

- Actual income from the assets
- The amount determined by applying the imputed income percentage rate to the value of household assets.

Remember, you look at total assets not assets individually when determining whether or not to apply the imputed income percentage. If total assets exceed \$5,000, the LHA will apply the imputed interest to the total assets and compare it to the actual interest or other earnings from the asset. Then the LHA will add the higher amount to the gross household income.

If the tenant buys a house, stamp collection or other valuable that does not earn income and the investment's worth exceeds \$5,000, the LHA will apply the imputed interest to the gross household income.

Regulation Reference:  
760 CMR 6.05(2)

(c) Income of any kind from real or personal property including rent, dividends, and interest. Amortization of capital indebtedness and depreciation shall not be deducted in computing net income. Any realization of taxable capital gain on sale or transfer of an investment or other real or personal property shall be included in income. If the household has marketable real or personal property with a fair market value exceeding \$5000 (excluding any automobile used as the primary means of transportation by one or more household members), gross household income shall include the higher of actual income derived from any such property or a percentage of the value of such property. This percentage shall be the current passbook savings rate,

as determined from time to time by the federal Department of Housing and Urban Development for federally assisted housing or as otherwise determined by the Department.

**8. If a tenant invests \$10,000 in an IRA, and 10 years later the IRA is worth \$15,000 and the tenant begins withdrawing monthly amounts from the IRA, are the amounts withdrawn considered income?**

The withdrawal of cash from an investment that is received as periodic payments is counted as income, unless the tenant household can document and the housing authority verifies that amounts withdrawn are reimbursement of amounts invested. When a tenant household is making a withdrawal from an account in which it has made an investment (e.g. annuity, IRA, etc.), the withdrawals will count as income only after the amount invested has been totally paid out. Obtain the 1099 R form from the tenant. This form will provide the information you need to determine the amount, if any, to be counted as income.

Also remember, the IRA remains an asset. Therefore, interest earned is income and will be added to the household's gross annual income.

**9. Tenant has won the lottery. Is this money taken into consideration when calculating rent?**

Yes, the winnings are included in gross household income. The winnings are added as a lump sum payment and the rent will be re-determined at the time reported. Please note that it does not matter what they do with the money - if they keep the money, give it away or pay bills with the money.

Regulation Reference:  
760 CMR (2) (i)

**10. Is the income from an inheritance included as income from assets?**

The amount of the inheritance is not included as income. However, **any interest earned on the inheritance between the time of death, and the time your tenant receives the money will be included as income.**

Regulation Reference:  
760 CMR 6.05(m), Inheritance and Life Insurance Proceeds

**11. What is Gross Household Income given the following scenario?**

A disabled tenant receives/has:

- \$750.00 monthly from SSI.
- \$2083.33 per month from an Annuity account which has a balance of 600,000.00.
- IRS Form 1099R shows that her taxable amount in Box 2a is \$15,000.00 and her gross distribution in Box 1 is 25,000.00. The interest on the annuity account is 2.5% annually.
- \$100,000 inheritance due to her uncles' death; there was no interest earned prior to tenant's receipt of the inheritance
- This will be adjusted by \$250.00 which she will receive due to interest earned for this year.
- \$3,458.00 savings account earning interest at .05%
- \$500.00 money market CD earning interest at 1.5%.

**Assets:**

<b>Income from asset</b>		<b>Imputed Income Rate of 1%</b>	
Annuity	\$600,000	@ 2.50%	= 15,000.00
Sav. Acct.	3,458	@ .05%	= 1.73
CD	500	@ 1.50%	7.50
<hr/>		<hr/>	
	\$603,958		15,009.23

Imputed Income Rate At 1% = \$6,039.58 (\$603,958 x 1.00)

**Income**

<b>SSI</b>	<b>750 X 12</b>	<b>=</b>	<b>\$ 9,000.00</b>
<b>Asset Income</b>			<b>15,009.23</b>
<b>Int (Inheritance)</b>			<b>250.00</b>
<b>Gross Annual Income</b>			<b>\$24,259.23</b>

**12. What is the value of applicant's assets? What is the income from the assets?**

Applicant applies for elderly housing. Income information provided is as follows:

- Elderly Man 75 yrs. of age
- Social Security: \$750/ month minus \$17.50 deducted for Medicare Payments.
- RR Pension: \$860/ month
- Checking Account: \$350 monthly average no interest
- Savings Account: \$4,250 interest rate of .05%

**Vacant One Family House:** (not sold due to economic climate) Applicant is sole owner of the house

Fair Market Value of house = \$350,000

Real Estate Taxes are = 4,590.00 /year

Lien on the House = 12,250

Risk Insurance = 2,515.00/year

**What is the value of applicant's assets? What is the income from the assets?**

Actual vs. imputed@ 1%		
Checking	350	.00
Savings	4,250	2.12
House	<u>350,000</u>	<u>.00</u>
	<b>\$354,600</b>	<b>2.12</b>

Imputed income @ 1% = **\$3,546.00** (take the greater amount of actual or imputed)

**What is Gross annual income?**

SS = 750 X 12 = \$9,000

RR = 860 X 12 = 10,320

Interest = 3,546

**\$ 22,866**

**E. Deductions:**

**1. Are handicap deductions given for any household member who is handicapped or just for the head of household who is handicapped?**

The \$400 deduction is given if the Tenant (head of household) is an elderly person or a handicapped person provided the household is living in family housing and the household is not over-housed.

Regulation Reference:

760 CMR 6.05(4) (a)

Deduction of \$400 for a household living in family housing in which the tenant is an elderly person of low income or a handicapped person of low income provided that the household is not over-housed

760 CMR 6.03

Tenant - one or more adult persons who sign(s) a lease for an LHA unit and who is (are) responsible for payment of rent and satisfaction of lease provisions and responsible for the conduct of other household members and for the conduct of guests.

Household - one or more persons who have been determined by the LHA to be collectively eligible for state-aided housing and who are listed on the current lease for an LHA unit executed by an LHA authorizing the person(s) to reside in the unit. Persons listed on an application to an LHA to be determined collectively eligible to reside in an LHA unit as a household may also be referred to as a household where the context so requires.

Household member - a person who is a member of a household which has been authorized by the LHA in a lease or lease addendum to reside in an LHA unit. The tenant, as defined herein, is a household member.

**2. What are heat deductions by bedroom size?**

Bedroom Size	0	1	2	3	4	5	6
Annual Heat Deduction Amount	\$300	\$400	\$500	\$600	\$700	\$800	\$900

**3. Are the medical deductions just for household members who are disabled? Please clarify any distinctions between the 3% medical deduction and straight medical deductions.**

There are two separate deductions.

- 1) A deduction for all household medical expenses in excess of 3% of annual gross household income. The medical deduction includes payments made for medical expenses that are not covered by insurance or otherwise reimbursed. Payments of premiums for medical health insurance are considered medical expenses.
- 2) A deduction for non-reimbursable payments for reasonable and necessary housekeeping or personal care services for a household member with a disability and due to the disability is unable to perform these tasks. In addition there is no other household member reasonably available to perform these tasks. These payments are not included in medical expenses in excess of 3% of annual gross household income.

Regulation Reference:

760 CMR 6.05(4) (e) (i)

Public Housing Notice 2008-11, Policy for Service Animal Deductions  
IRS Publication 502, Allowable Medical Expenses

**4. Two tenants purchased hearing aids for \$5,000 at about the same time. One tenant brought in the receipt immediately and the LHA did an interim re-determination. The second tenant waited until annual re-determination to submit the receipt. Should the LHA have conducted an interim re-determination or told the tenant to wait until annual re-determination?**

Either method of applying the deduction can be used. The LHA is obligated to conduct an interim re-determination if the tenant reports a change in income whether it is an increase of 10% or a decrease of any amount including exclusions and deductions.

DHCD has stated that when determining net household income that for purposes of determining medical deductions the LHA can take prior year medical expenses that the tenant paid. Medical expenses do not have to be based on anticipated. However, when medical expenses include medical insurance premiums, the LHA should base it on the documented anticipated cost for the year.