

Key Definitions, Eligibility And Additional Resources

Activities of Daily Living (ADLs): Activities necessary for one to [maintain independence](#). These typically include eating, dressing, bathing, toileting, and transferring.

Fair Market Rents (FMRs) are gross rent (rent plus utilities) estimates used to determine payment amounts for the Housing Choice Voucher program. These rent estimates are used as a guide for determining initial rental payments based on unit size.

Public Housing Agencies (PHAs): Over 2,600 state, regional, and local HUD-funded agencies that serve the housing needs of its low-income and very low-income residents.

Adjusted Income: Annual income – deductions = adjusted income. Deductions include dependents; status as elderly or disable family; unreimbursed expenses for childcare, medical expenses (elderly and disabled only); and disability assistance.

- **Extremely Low Income:** income does not exceed 30% of an area's median family income.
- **Very Low-Income:** their incomes do not exceed 50% of an area's median family income.
- **Low Income:** their incomes do not exceed 80% of an area's median family income.
- **Moderate Income:** incomes that are no more than 115% of an area's median family income.

Note: Income limits are adjusted for family size and for areas with unusually high or low family income housing-cost-to-income relationships.

Determining Income and Eligibility

When applying for any of HUD's housing programs, you will be asked to provide proof of income and assets to determine eligibility. Qualifying income and assets are combined when determining income eligibility.

Income and assets include all amounts that are derived in a 12-month period to which any member of the family has access to.

Income Sources

HUD counts the following main sources when considering income for its programs:

- Full amount of income (before deductions) from salaries, wages, tips
- Business net income
- Interest, dividends, and other net income of any kind from real or personal property
- The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits
- Unemployment, worker's comp, and disability
- Alimony and child support
- Armed forces income
- Welfare assistance

For a detailed listing of income sources, go [here](#).

Assets and Income from Assets*

- Stocks, bonds, Treasury bills, certificates of deposit,
- Individual retirement and Keogh accounts
- Retirement and pension funds

- Cash held in savings and checking accounts, safe deposit boxes, homes, etc.
- Cash value of whole life insurance policies available to the individual before death
- Equity in rental property
- Personal property held as an investment

*If the total value of assets is less than \$5,000, then that number is used in the calculation. If the total value of assets is worth \$5,000 or more, the amount of the assets is determined by using the greater of:

1. The actual income from the assets
2. A percentage of the value of net family assets based on the passbook savings rate. Each HUD field office determines their own passbook savings rate based on average savings account rates. Most PHAs use 2%.

Example 1: You have assets totaling \$20,000 and annual income totaling \$40,000.

$$\$20,000 \times 2\% = \$400$$

$$\$400 \text{ assets} + \$40,000 \text{ annual income} = \$40,400 \text{ total income}$$

Example 2: Upon retirement, you receive a lump-sum payment of \$10,000 from your pension plan. You then receive periodic pension payments of \$500 a month. The \$10,000 is treated as an asset as are the monthly \$500 pension payments.

$$\$10,000 + \$500 \times 12 \text{ (months)} = \$16,000$$

Income Deductions

- An elderly household is entitled to an automatic \$400 household deduction.
- Medical deductions including services of a physician, health care professional, hospital or health care facility; medical insurance premiums; prescription and non-prescription medicines; dental

expenses; eye glasses and examinations; periodic payments of medical bills; et al.

- Disability assistance expenses
- Dependent deductions
- Child care deductions