

FACT SHEET
“HOW YOUR RENT IS DETERMINED”

For Housing Choice Voucher Programs Office of Public and Indian Housing PHAs’ Responsibilities:

Obtain accurate income information, verify income, ensure the family receives the exclusions and deductions to which they are entitled accurately, calculate family payment, re-calculate family payment when changes in family composition and income are reported between annual re-certifications (in accordance with PHA policy). In the Housing Choice Voucher program, provide a copy of the required lease language. Provide the tenant a copy of PHA determination of income and family payment. Provide information on PHA policies upon request. Notify family of any changes in requirements or practices for reporting income or determining family payment. Terminate tenancy for grounds allowed by federal law.

Families Responsibilities:

Provide accurate information on family composition. Report all income at admission and annually (or as required by PHA policy). Keep copies of papers, forms, and receipts which document income and expenses. Report changes in family composition and income between annual re-certifications (in accordance with Public Housing and Housing Choice Voucher PHA policy). Sign consent for income verification and criminal history checks and comply with the terms of the lease once assisted.

What is Total Income?

A family’s income before any taxes or other exclusions or deductions have been taken out of it. What is Annual Income? $\text{Total Income} - \text{Income Exclusions} = \text{Annual Income}$. Why Determining Income and Family Payment Correctly is important. The Department of Housing And Urban Development’s studies show that many families pay the incorrect amount of rent. The main causes of this problem are: under-reporting of income by families, and PHAs not granting exclusions and deductions to which resident families are entitled. PHAs and residents all have a responsibility in ensuring that the correct family payment is paid. Paying the correct amount eliminates fraud and abuse.

What Is Adjusted Income?

$\text{Annual Income} - \text{Allowable Income Deductions} = \text{Adjusted Income}$ Family Payment (Total Tenant Payment) . The amount of rent a family will pay is the highest of the following amounts:

- 30% of the family’s monthly adjusted income;
- 10% of the family’s monthly income;
- Welfare rent (in states where applicable); or minimum rent

Minimum Rent

\$50 is set by the Pharr Housing Authority

What are deductions from income?

Deductions are amounts that are subtracted from family's Annual Income to produce Adjusted Income. There are two types of deductions: mandatory and permissive. Mandatory Deductions: \$480 for each member of the family (excluding head of household or spouse) who is less than 18 years of age or who is a student or person with a disability. \$400 for any elderly family or disabled family. The sum of the following to the extent the sum exceeds 3% of annual family income: Un-reimbursed reasonable attendant care and auxiliary apparatus expenses for disabled family member(s) to allow family member(s) to work. This deduction may not exceed the income received. Any reasonable child care expenses (children under 13 years old) necessary to enable a member of the family to be employed or to further his or her education.

Annualization of Income

If it is not feasible to anticipate a level of income over a 12-month period (as in the case of seasonal or cyclic income), or the PHA believes that past income is the best available indicator of expected future income, the PHA may annualize the income anticipated for a shorter period, subject to a re-determination at the end of the shorter period. What counts as Annual Income for calculation of Family Payment? Annual income means all amounts, monetary or not, which go to or on behalf of the family head of household or spouse (even if temporarily absent) or to any other family member; or are anticipated to be received from a source outside the family during the 12-month period following admission or annual re-examination effective date; and which are not specifically excluded.

Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access. Annual income includes, but is not limited to: the full amount, before any payroll deductions of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services; The net income from the operation of a business or profession.