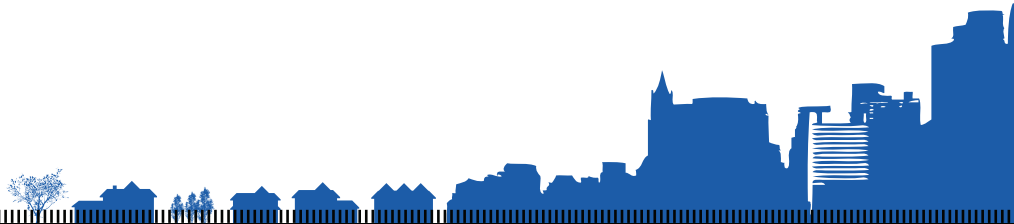


# Frequently Asked Questions (FAQ)

## HUD-assisted Housing and Guaranteed Income Program Payments



## **FAQ: HUD-assisted Housing and Guaranteed Income Program Payments**

Local and state governments and nonprofits are experimenting with guaranteed income programs (also called universal basic income, basic income guarantee, or unconditional basic income). These guaranteed income programs provide individuals with monthly payments, usually for a defined period.

Many potential participants in guaranteed income programs also rely on U.S. Department of Housing and Urban Development (HUD)-assisted housing. These potential participants, and the governments and organizations running guaranteed income programs, would like more information about how participation in a guaranteed income program could impact people living in HUD-assisted housing.

This Frequently Asked Questions (FAQ) document explains the flexibilities that public housing authorities (PHAs) and owners have when determining how guaranteed income payments will impact a family's<sup>1</sup> income eligibility for HUD-assisted housing, and how much those families will pay in rent. More specifically, this FAQ explains how guaranteed income payments may impact a family's annual and adjusted income and the flexibilities that PHAs and owners have in making determinations around annual and adjusted income in this context. Practitioners should make use of this guidance and communicate flexibilities and impacts to families to ensure that these programs do not adversely impact families' income calculations or income eligibility.

### **What types of housing does this FAQ discuss?**

This FAQ provides information about how guaranteed income payments may impact people in certain HUD-assisted housing. This FAQ applies to public housing, Housing Choice Vouchers (HCV), Project-Based Rental Assistance, Moderate Rehabilitation, and Moderate Rehabilitation Single-Room Occupancy (SRO).

This FAQ does not provide information on how guaranteed income payments will impact people in other types of HUD-funded programs. If someone lives in housing that is connected to a HUD program not listed in the previous paragraph, they should reach out to [their local HUD office](#) for more information on how their program might treat income received from a guaranteed income program.

### **How do providers of HUD-assisted housing determine whether someone is income eligible to remain in HUD-assisted housing?**

As a general rule, a family living in HUD-assisted housing must have an income that is 80 percent or less of their [Area Median Income](#). If the family's income exceeds this amount, they may stop being income eligible to receive HUD assistance. PHAs and owners look at a family's *annual income* to determine whether the family is income eligible to receive or continue to receive assistance or subsidy from HUD. This FAQ contains information on how funds received from guaranteed income programs may be treated by PHAs and owners for the purpose of determining annual income. The rules around what is and is not considered *annual income* can be found at 24 CFR 5.609. It is important to know that those rules are changing—there is one version that applies until the end of 2023 and another version that applies from 2024 onward.<sup>2</sup>

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<sup>1</sup> For information on how PHAs and owners define “family,” see 24 CFR 5.403.

<sup>2</sup> For more information about how the Housing Opportunity through Modernization Act of 2016 impacts HUD-assisted housing, see [HUD.gov](#) for multifamily assisted housing and [HOTMA Resources](#) for public housing and the voucher program.

## How do providers of HUD-assisted housing determine how much rent a family must pay?

After a family's annual income is calculated, deductions are applied by PHAs and owners to determine the family's adjusted income. The PHA or owner uses *monthly adjusted income* as the baseline amount that they will use to calculate the 30% that the family must pay. For assisted families paying income-based rents, most families pay 30 percent of their monthly adjusted income in rent. The rules around what is and is not considered *monthly adjusted income* can be found at 24 CFR 5.611. It is important to know that those rules are changing—there is one version that applies until the end of 2023 and another version that applies from 2024 onward.

## Do guaranteed income payments affect how much rent a family must pay and whether a family is income eligible?

Most of the time, when a family receives money, that money counts for the purposes of determining *annual income* (which is used to determine income eligibility for housing) and *monthly adjusted income* (which is used to determine the amount a family pays for their housing). Unless there is an exclusion or a flexibility, guaranteed income would be counted for the purposes of determining annual income and monthly adjusted income.

Beginning on January 1, 2024, however, some circumstances where payments received from guaranteed income programs might not be counted toward either annual income or adjusted income.

Guaranteed income payments do not have to be counted as annual income (which is used to determine income eligibility for housing):

- *If the payments end within 12 months.* PHAs and Multifamily Owners must exclude guaranteed income pilot payments from annual income if the payments fall in the “nonrecurring income” exclusion at 24 CFR 5.609(b)(24). Under the new regulation, nonrecurring income, which is income that will not be repeated in the coming year, is not counted as annual income. This includes guaranteed income pilot program payments, so long as the payments end within a 12-month period from the date of the family's income examination.
- *If another public benefit program from the following list does not count the guaranteed income funds as income.* PHAs and Multifamily Owners may accept an annual income determination made by other means tested programs, so long as those determinations were made within the previous 12-month period.<sup>3</sup> These are the programs that qualify:
  - Temporary Assistance for Needy Families block grant
  - Medicaid
  - Supplemental Nutrition Assistance Program
  - Earned Income Tax Credit
  - Low-Income Housing Tax Credit
  - The Special Supplemental Nutrition Program for Woman Infants and Children
  - Supplemental Security Income
  - Other programs administered by HUD

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<sup>3</sup> The family should confirm the acceptance of any annual income determinations made by other means tested programs with the PHA or Multifamily Owner.

- Other means-tested forms of federal public assistance for which HUD has established a memorandum of understanding or announced in the Federal Register.

Guaranteed income would not be counted as monthly adjusted income (which is used to determine the amount a family pays for their housing):

- *If the PHA chooses to disregard the income for the purposes of monthly adjusted income.* PHAs may establish a permissive deduction for guaranteed income payments under the public housing program, HCV program, and Moderate Rehabilitation programs under the new 24 CFR 5.611(b); however, PHAs will not receive additional subsidies to account for reduced tenant rents. Permissive deductions lower a family's adjusted income and reduce their income-based rent.

### **Why are there different rules before and after January 1, 2024?**

The Housing Opportunity through Modernization Act (HOTMA) of 2016 (Public Law 114–201) (HOTMA) was signed into law on July 29, 2016. HOTMA made changes to the law for public housing, the Section 8 HCV program, and the Section 8 Project-Based Rental Assistance program, including changes related to the calculation of income and the applicable circumstances for deductions. The HUD rule implementing these changes goes into effect on January 1, 2024. When the HOTMA rule goes into effect, some of the rules around exclusions from income and deductions will change.

### **Until January 1, 2024, what flexibilities do PHAs and owners have when considering how to treat guaranteed income programs?**

Until January 1, 2024, PHAs and owners may choose to use flexibilities in how they consider guaranteed income. These options are described in this section and may be implemented by PHAs or owners without requesting or receiving a waiver.

*Flexibilities available to PHAs and owners:* PHAs and owners may exclude guaranteed income payments by treating the payments as “temporary income” under 24 CFR 5.609(c)(9). PHAs and Multifamily Owners and Operators may do so until the first income examination that a family undergoes, on or after January 1, 2024. If a PHA or owner used this flexibility, it would impact the calculation of *annual income*—this is what helps determine whether the family is income eligible to be in HUD-assisted housing or not.

*Flexibilities available only to PHAs:* PHAs may establish a permissive deduction for guaranteed income payments under 24 CFR 5.611(b). If a PHA used this flexibility, it would impact the calculation of *monthly adjusted income*—the baseline amount that the PHA uses to calculate how much rent the family must pay.

### **In cases where a PHA or Multifamily Owner has determined that it will exclude or deduct guaranteed income payments consistent with the above requirements and flexibilities, how should PHAs and multifamily Owners notify assisted housing residents?**

Residents should be notified when payments received under guaranteed income pilot programs will not count towards their annual or adjusted income. It is recommended that notices be posted in a conspicuous place on site and hand-delivered to residents.

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