



Contact Information

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Website: www.tdhca.texas.gov

Division Phone Number:

(512) 305-8869
(800) 525-0657 (toll free in Texas only)

Announcements

Schedule:

- The training will run from 9:00 am until approximately 10:00 pm
- Staff will present the webinar and allow for questions after each topic is covered
- Upon conclusion of the presentation staff will remain available to answer questions until 12:00 pm

Housekeeping:

- Certificates will be emailed after the conclusion of the class, usually within 24-hours in an email from the GoTo Platform, please check your “junk” folders as we cannot reissue certificates
 - If you did not use your emailed link for the training from your registration you will not receive a certificate or show as having attended the webinar
- We suggest you silence your phones and put an “out of office” email response to help avoid distractions during the training
- Please pose questions and comments to the “Questions Box”

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Resources

- **HOTMA Final Rule**
 - <https://www.hud.gov/sites/dfiles/PA/documents/6057-F-03-HOTMA-Income-Final-Rule.pdf>
- **HOTMA Resources from HUD**
 - https://www.hud.gov/program_offices/housing/mfh/hotma
 - https://www.hud.gov/program_offices/public_indian_housing/hotmaresources
- **TDHCA Recorded Presentations**
 - <https://www.tdhca.texas.gov/compliance-program-training-presentations>
- **TDHCA Forms**
 - <https://www.tdhca.texas.gov/compliance-forms>
- **HUD Handbook 4350.3**
 - <https://www.hud.gov/sites/documents/43503HSGH.PDF>

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Adjusted Income: Deductions and Purpose

Annually, HUD will issue an Adjustment for Inflation to be used for deductions

- The HOME, TCAP-RF and HOME-ARP programs (when household goes over 80%) must use the deductions to calculate adjusted income to determine tenant rent
 - HOME-ARP will have certain households that require this at initial certification to determine tenant rent
- The 811 Program must use the deductions to determine adjusted income and tenant rent
- **Dependent Deduction** will correlate to the earned income counted for full-time students and adoption assistance
- **Child Care Deduction** has excluded foster children with HOTMA unless the child care is paid for with the household's income and not the foster care payments received from the welfare agency
- **Elderly/Disabled Deduction** has been increased to \$525
- Reasonable **Attendant Care and Auxiliary Apparatus**; formerly Disabled Deduction – the 3% test is now a 10% test
- **Unreimbursed Health and Medical Care expenses** for elderly/disabled households – the 3% test is now a 10% test

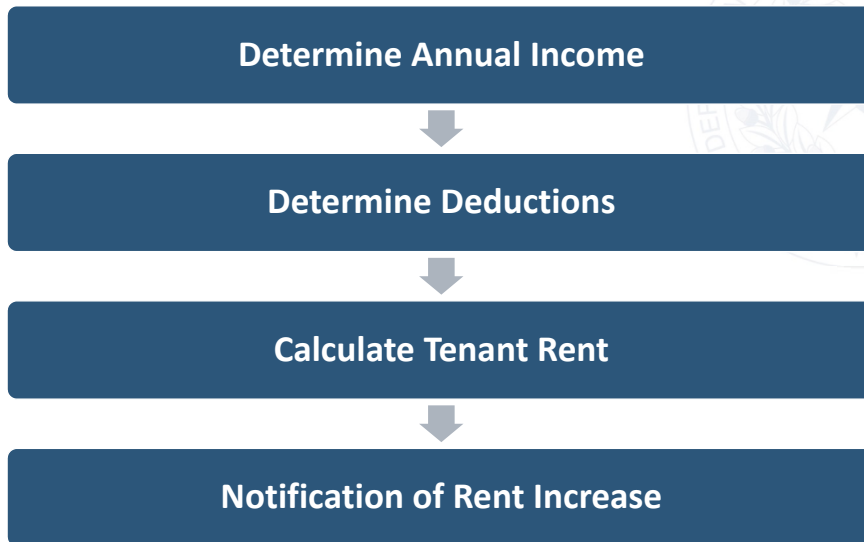
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Eligibility: 5 Basic Steps; Step 4



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Adjusted Income: The Process



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Adjusted Income: Screening for Deductions

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
SUPPLEMENT TO THE INTAKE APPLICATION

Participation in a TDHCA Tenant Based Rental Assistance Program requires the determination of adjusted income to calculate the amount of subsidy assistance your household may be eligible for. Adjusted income is also used to determine the required tenant paid rent of a household identified as over income at recertification on a POME Rental development. Information disclosed on this form will only be used to determine eligible deductions. If there are any questions that you do not understand, please contact the Administrator, Owner or Management.

Applicant Resident Name: _____

A. DEPENDENT DEDUCTION (Does household member qualify for this deduction regardless of age, disability, or student status? Head of household, spouse, or child, a foster child, an unborn child, a child who has not yet passed the 18th, or a first-in-line child.)

Is the household composed of a family member under the age of 18? NO YES, who? _____

Is the household composed of a family member with disabilities? NO YES, who? _____

Is the household composed of a family member who is a full-time student? NO YES, who? _____

B. CHILD CARE EXPENSES DEDUCTION

Is the household paying for the care of children age 12 or under? NO YES, for whom? _____

If YES, please answer the following questions:

1. Does the child care enable an adult household member to (check) Seek employment OR Be gainfully employed OR Further his/her education (academic or vocational)? NO YES, who? _____

2. Is there an adult household member capable of providing care during the hours care is needed? NO YES _____

3. Is the child care provided by a member who composes the household? NO YES, who? _____

4. Is the household reimbursed by an outside Agency or Individual? NO YES, who? _____

C. DISABILITY ASSISTANCE EXPENSES DEDUCTION

Is the household paying for attendant care and/or an auxiliary apparatus? NO YES, for whom? _____

If YES, please answer the following questions:

1. Does the care and/or use of the auxiliary apparatus enable an adult household member to work? NO YES, who? _____

2. Is the household reimbursed by an Agency and/or Individual for these costs? NO YES, who? _____

3. Identify the type of care and/or apparatus paid for: _____

D. ELDERLY OR DISABLED FAMILY DEDUCTION

Is the head of household, spouse, or co-head at least 62 years of age or older? NO YES, who? _____

Is the head of household, spouse, or co-head a person with a disability? NO YES, who? _____

E. MEDICAL EXPENSES DEDUCTION (If your household qualifies for the deduction listed in "D" then medical expenses for ALL household members may be eligible for deduction)

Identify any of the following medical expenses*	Estimated Annual Cost	Can support for expenses be provided?
Medicare <input type="checkbox"/> NO <input type="checkbox"/> YES		<input type="checkbox"/> NO <input type="checkbox"/> YES
Medicaid <input type="checkbox"/> NO <input type="checkbox"/> YES		<input type="checkbox"/> NO <input type="checkbox"/> YES
Prescription Costs <input type="checkbox"/> NO <input type="checkbox"/> YES		<input type="checkbox"/> NO <input type="checkbox"/> YES
Medical Deductible Costs <input type="checkbox"/> NO <input type="checkbox"/> YES		<input type="checkbox"/> NO <input type="checkbox"/> YES
Over-the-Counter Costs <input type="checkbox"/> NO <input type="checkbox"/> YES		<input type="checkbox"/> NO <input type="checkbox"/> YES
Other <input type="checkbox"/> NO <input type="checkbox"/> YES		<input type="checkbox"/> NO <input type="checkbox"/> YES

Is the household reimbursed by an Agency and/or Individual for any of these costs? NO YES, who? _____

Did the household have any one-time non-recurring medical expenses? NO YES, explain? _____

F. APPLICANT/RESIDENT CERTIFICATION

I certify that the above information is true and correct.

Applicant/Resident Printed Name: _____ Signature: _____ Date: _____

Warning: Title 18, Section 1001 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency in the United States as to any matter within its jurisdiction.

TDHCA Page 1 of 7 May 2019

The household must be screened for deductions

TDHCA has a Supplement to the Intake Application available on the website

Developments may develop and utilize their own version of screening tool

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Adjusted Income: Screening for Deductions; Robles Household

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
SUPPLEMENT TO THE INTAKE APPLICATION

Participation in a TDMCA Tenant Based Rental Assistance Program requires the determination of adjusted income to calculate the amount of subsidy assistance your household may be eligible for. Adjusted income is also used to determine the required tenant paid rent of a household identified as their income at recertification on a TDMCA Rental Agreement. Information disclosed on this form will only be used to determine eligible deductions. If there are any questions that you do not understand, please contact the Administrator, Owner or Management.

Applicant Resident Name: Eric and Arac Robles

A. DEPENDENT DEDUCTION (Some household members cannot qualify for this deduction regardless of age, disability, or student status: Head of household, spouse, or head, a foster child, an unborn child, a child who has not yet joined the family, or a live-in aide.)

1. Is the household composed of a family member under the age of 18? NO YES, who? Minny (15) and Max (9)

2. Is the household composed of a family member with disabilities? NO YES, who?

3. Is the household composed of a family member who is a full-time student? NO YES, who? Jonathan

B. CHILD CARE EXPENSE DEDUCTION

1. Is the household paying for the care of children age 12 or under? NO YES, for whom? Minny and Max

If YES, Please answer the following questions:

1. Does the child care enable an adult household member to (check) Be gainfully employed OR Further his/her education (academic or vocational)? NO YES, who? Eric

2. Is there an adult household member capable of providing care during the hours care is needed? NO YES

3. Is the child care provided by a member who operates the household? NO YES, who?

4. Is the household reimbursed by an outside Agency or Individual? NO YES, who?

C. ATTENDANT CARE AND AUXILIARY APPARATUS EXPENSE DEDUCTION

1. Is the household paying for attendant care and/or an auxiliary apparatus? YES, for whom?

If YES, Please answer the following questions:

1. Does the care and/or use of the auxiliary apparatus enable an adult household member to work? NO YES, who?

2. Is the household reimbursed by an Agency and/or Individual for these costs? NO YES, who?

3. Identify the type of care and/or apparatus paid for:

D. ELDERLY OR DISABLED FAMILY DEDUCTION

1. Is the head of household, spouse, or co-head at least 62 years of age or older? NO YES, who? Uraina

2. Is the head of household, spouse, or co-head a person with a disability? NO YES, who?

E. HEALTH AND MEDICAL CARE EXPENSE DEDUCTION (If your household qualifies for the deduction listed in "D" then medical expenses for ALL household members may be eligible for deduction.)

Health care of the following medical expenses?	Estimated Annual Cost	Can support for expenses be provided?
Medicare <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES	\$1,728	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Doctor Co-Pays <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES	\$1,600	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Prescription Costs <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES	\$1,800	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Medical Deduction Costs <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES	\$800	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Over the Counter Costs <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES	\$200	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Other <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES	\$2,872	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES

1. Is the household reimbursed by an Agency and/or Individual for any of these costs? NO YES, who?

2. Did the household have any one-time non-recurring medical expenses? NO YES, explain? Prescription test for Uraina

F. APPLICATION RESIDENT CERTIFICATION

I certify that the above information is true and correct.

Eric Robles Eric Robles January 12, 2024

Applicant Resident Printed Name Signature Date

Warning: Title 16, Section 101 of the C.C. Code makes it a criminal offense to make written false statements or misrepresentations to any Department or Agency in the United States or to any member thereof in perjury.

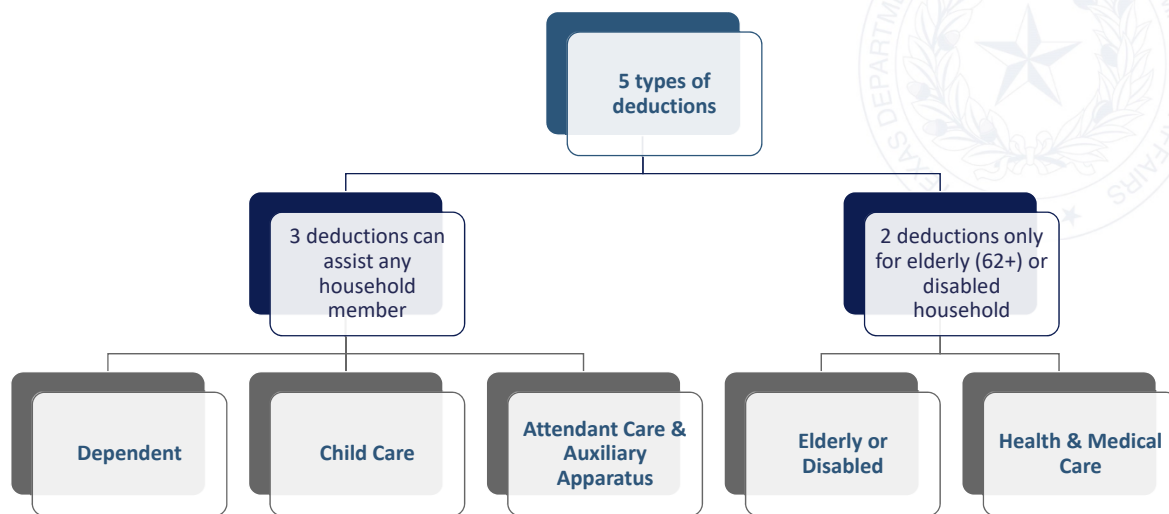
TDMCA Page 1 of 1 Revised September 8, 2023

The Robles Household is eligible for deductions.

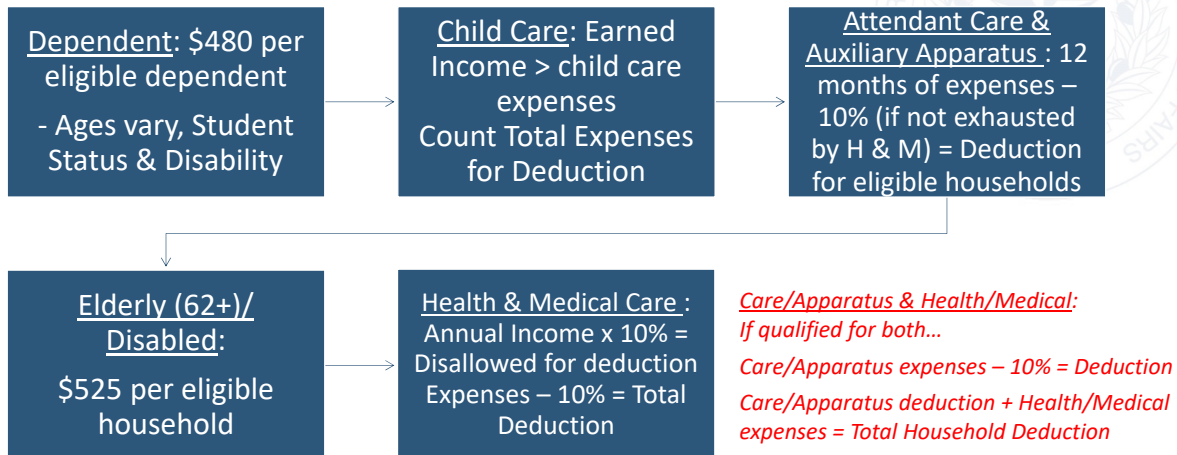
The household completed the Supplement to the Intake Application.

Staff has verified and certified all deductions as required.

Adjusted Income: Available Deductions



Adjusted Income: Deductions Cheat Sheet



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Adjusted Income: Dependent Deduction

- Dependent Deduction of \$480 per eligible dependent in the household
- Dependents are defined as household members who are not head, spouse, co-head and are:
 - Under 18 years of age
 - A person with disabilities at any age
 - A full-time student, 18 years of age or older
 - Full-time student status is defined by the institution of higher education, with a degree or certificate program, where the student is enrolled
 - *To qualify for the deduction, verification of disability or student status is required*
- A foster child, foster adult, unborn child, a child that has not joined the household yet, or dependent of a live-in aide will never qualify for the deduction
- A household does not have to have legal custody of a dependent to receive the deduction; however, the dependent must live in the unit
- A household may not receive a double dependent deduction for one member
 - For example, a 19 year old, disabled, full-time student would not be eligible for two dependent deductions

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Learning Point 2: Adjusted Income

The Hearn household is comprised of Mark who is disabled, his wife Christy and their 19 year old daughter Sydney. Is the Hearn household eligible for a dependent deduction?



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Sample Household: Dependent Deduction Certification

A. DEPENDENT DEDUCTION (Some household members cannot qualify for this deduction regardless of age, disability, or student status: Head of household, spouse, co-head, a foster child, an unborn child, a child who has not yet joined the family, or a live-in aide.)

Is the household comprised of a family member under the age of 18? NO YES, who? Melody (10) and Max (6)

Is the household comprised of a family member with disabilities? NO YES, who? _____

Is the household comprised of a family member who is a full-time student? NO YES, who? Sebastian

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Sample Household: Dependent Deduction

The Robles household is comprised of six persons. Eric and Ariel reside in the unit with Ariel's mother, Ursula, and their three (3) dependent children; Sebastian is 19 and a full-time student, Melody is 10 and Max is 6. Is the Robles household eligible for a dependent deduction?

How much is their deduction?

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Adjusted Income: Child Care Deduction

- The Child Care Deduction is available for anticipated expenses to any household paying for child care. The deduction is available to all children under the age of 13 living in the unit ~~(including foster children)~~ when child care enables a family member to...
 - Work
 - Look for work
 - Go to school (academic or vocational)
- The household has to evidence that there is no adult family member capable of providing care during the hours care is needed
- Child care expenses cannot be reimbursed by an outside agency or individual
- Child care expenses deducted must be reasonable

Foster children are eligible for this deduction if the child care expense is paid by the household income and not a welfare stipend.

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Adjusted Income: Child Care Deduction continued

- Child care expenses are not paid to someone living in the unit
- Child care expenses cannot exceed the work income generated by the household member during the period in which care is provided
- The child care expenses are not restricted when seeking employment or attending school
- To document anticipated child care expenses, the household must:
 - Identify the child(ren) who will be cared for
 - Identify the family member who is enabled to work, look for work, and/or go to school because of the child care
 - Evidence that no other adult household member in the unit is available to care for the child
 - Identify the child care provider
 - Provide documentation of cost

Child Care Deduction: Acceptable Forms of Verification

Appendix 3 4350.3 REV-1

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Written ^{HUD-9887}	Third Party "Provided by Applicant"	Oral	"Provided by Applicant"	Self-Declaration	
<ul style="list-style-type: none"> • Child care expenses (including verification that a family member who has been relieved of child care is working, attending school, or looking for employment). <p>*(Paragraph 5-10.B)*</p>	<ul style="list-style-type: none"> • Written verification from person who provides care indicating amount of payment, hours of care, names of children, frequency of payment, and whether or not care is necessary to employment or education. • Verification of employment as required under Employment Income. • Verification of student status (full or part-time) as required under Full-Time Student Status. 	<ul style="list-style-type: none"> • Copies of receipts 	<ul style="list-style-type: none"> • Telephone or in-person contact with these sources (child care provider, employer, school) documented in file by the owner. 	<ul style="list-style-type: none"> • Cancelled checks indicating payments. • For school attendance, school records, such as paid fee statements that show that the time and duration of school attendance reasonably corresponds to the period of child care. 	<ul style="list-style-type: none"> • For verification of looking for work, details of job search effort as required by owner's written policy. 	<ul style="list-style-type: none"> • Allowance provided only for care of children 12 and younger. • When same care provider takes care of children and disabled person, the owner must prorate expenses accordingly. • Owners should keep in mind that costs may be higher in summer months and during holiday periods. • The owner must determine which family member has been enabled to work. • Care for employment and education must be prorated to compare to earnings. • Costs must be reasonable.

***NOTE:** Requests for verification from "a third party source" must be accompanied by a Consent to Release form "HUD-9887-A".
***NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.
***NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.
***NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent to Release form HUD-9887 must be on file.
 HUD Occupancy Handbook
 Appendix 3: Acceptable Forms of Verification 6 8/13

Sample Household: Child Care Deduction Certification

B. CHILD CARE EXPENSES DEDUCTION

Is the household paying for the care of children age 12 or under? NO YES, for whom? Melody and Max

If YES, Please answer the following questions:

1. Does the child care enable an adult household member to (check) Be gainfully employed **OR** Further his/her education (academic or vocational)? NO YES, who? Eric Robles
2. Is there an adult household member capable of providing care during the hours care is needed? NO YES
3. Is the child care provided by a member who comprises the household? NO YES, who? _____
4. Is the household reimbursed by an outside Agency or Individual? NO YES, who? _____

Extend-A-Care for Kids
55 North IH 35
Austin, TX 78702
512-472-9402

Year End Statement
2023



Account Information:

Acct P4-A12345
Robles, Eric
123 Mermaid Drive
Austin, TX - 78722
512-475-3821

Payment Information:

Payment Date: Posted 12/31/2023
On: 12/31/2023
Amount Paid: \$7,980.00
Payment Method: E-Check
Paid By: Eric Robles

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Sample Household: Child Care Deduction

Eric and Ariel Robles work, as previously calculated in the training. Their 10 year old and 6 year old children, Melody and Max, attend the YMCA program after school from 3pm to 6pm each day during the school year.

They pay the YMCA \$14.00 an hour for the care of their children. They receive no reimbursement for the child care expenses. Eric does not work in the summer, the children spend the summer with their father and the household does not have any child care expenses during this time. Ursula is unable to watch the children due to her disability and Sebastian is a full-time student and unable to care for his younger siblings.

Is the Robles household eligible for a child care deduction?

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Sample Household: Child Care Deduction continued

How much is the child care deduction for the Robles household?

- Step 1: Determine Eric's annual income:

$$\begin{array}{c} \$18.00 \\ \text{an hour} \end{array} \times \begin{array}{c} 1,140 \\ \text{hours} \\ \text{annually} \end{array} = \begin{array}{c} \$20,520 \\ \text{gross} \\ \text{income} \end{array}$$

- Step 2: Determine what Eric's earned income is while his children attend after-school care:

$$\begin{array}{c} \$18 \text{ an} \\ \text{hour} \end{array} \times \begin{array}{c} 5 \text{ days} \\ \text{a week} \end{array} \times \begin{array}{c} 3 \text{ hours} \\ \text{a day} \end{array} \times \begin{array}{c} 38 \\ \text{weeks a} \\ \text{year} \end{array} = \begin{array}{c} \$10,260 \\ \text{earned} \\ \text{income} \end{array}$$

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Sample Household: Child Care Deduction completed

- Step 3: Determine the after-school child care expenses for Melody and Max:

$$\begin{array}{c} \$14.00 \\ \text{an hour} \end{array} \times \begin{array}{c} 5 \text{ days} \\ \text{a week} \end{array} \times \begin{array}{c} 3 \text{ hours} \\ \text{a day} \end{array} \times \begin{array}{c} 38 \\ \text{weeks} \end{array} = \begin{array}{c} \$7,980 \\ \text{total} \\ \text{expense} \end{array}$$

- Step 4: Determine that after-school child care expenses do not exceed Eric's earned income generated during the period in which care is provided:

\$10,260 Eric's earned income

\$7,980 total after-school child care expense

Child care does not exceed employment income

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Adjusted Income: Attendant Care & Auxiliary Apparatus Expense Deduction

- Attendant Care & Auxiliary Apparatus Expense Deduction is available for unreimbursed, anticipated costs for attendant care and/or an auxiliary apparatus
- The care or apparatus enables a household member, 18 years or older, including the disabled member to work
- The amount claimed is the difference in total expenses for attendant care and/or auxiliary apparatus that exceeds 10% of annual income and earned income of the adult household member enabled to work by the attendant care or auxiliary apparatus
 - **Households that were receiving the deduction in 2023 will utilize a hardship implementation; 5% in 2024, 7.5% in 2025 and the full 10% in 2026**
- If the disability assistance enables more than one household member to be employed, the allowance cannot exceed the combined income of both

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Attendant Care & Auxiliary Apparatus Expense Deduction Items

- Auxiliary apparatus includes items that are directly related to permitting the disabled person or other family member to work
- Includes items such as, but not limited to, the following:
 - Wheelchairs, ramps, adaptations to vehicles (one-time allowances);
 - Cost of maintenance and upkeep of an auxiliary apparatus (i.e. veterinarian and food costs of service animal)
 - Attendant care includes, but is not limited to, reasonable expenses for home medical care, nursing services, interpreters for hearing impaired persons and readers for persons with visual impairments

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Attendant Care & Auxiliary Apparatus: Acceptable Forms of Verification

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES				Self-Declaration	Verification Tips
	Written ^{§ 87(2)(b)}	Third Party ^{§ 87(2)(b)}	Provided by Applicant	Oral ^{§ 87(2)(b)}		
<ul style="list-style-type: none"> Auxiliary apparatus. *(See Chapter 5, Paragraph 5-10.C)* 	<ul style="list-style-type: none"> Written verification from source of costs and purpose of apparatus. Written certification from doctor or rehabilitation agency that use of apparatus is necessary to employment of any family member. In a case where the disabled person is employed, statement from employer that apparatus is necessary for employment. 	<ul style="list-style-type: none"> Copies of receipts. 	<ul style="list-style-type: none"> Telephone or in-person contact with these sources documented in file by the owner. 	<ul style="list-style-type: none"> Evidence of periodic payments for apparatus. 	<ul style="list-style-type: none"> Not appropriate. 	<ul style="list-style-type: none"> The owner must determine if the expense is to be considered a medical or disability assistance.

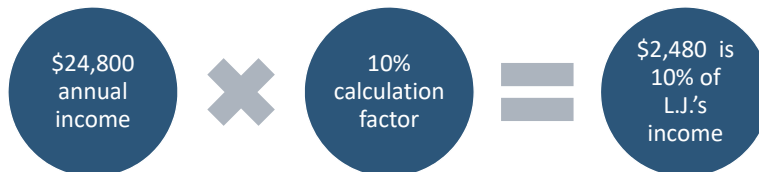
*NOTE: Requests for verification from "a third party source" must be accompanied by a Consent to Release form HUD-9887-A.
 *NOTE: If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.
 *NOTE: For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.
 NOTE: For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.
 *NOTE: See examples and requirements found in Paragraph 5-13.B.1
 HUD Occupancy Handbook
 Appendix 3: Acceptable Forms of Verification

HUD 4350.3, Appendix 3

Learning Point: Attendant Care & Auxiliary Apparatus Expense Deduction

L.J. is an individual with disabilities that works full-time and has an annual income of \$24,800. He requires a motorized wheelchair and special transportation to get to his job. The eligible disability expense is \$8,500 for his transportation to and from his job. Is L.J. eligible for a disability expense deduction? If yes, how much?

- Step 1: Determine 10% of L.J.'s employment income:



Learning Point: Attendant Care & Auxiliary Apparatus Expense Deduction continued

- Step 2: Determine L.J.'s eligible disability deduction:



- Step 3: Ensure L.J.'s allowable deduction does not exceed his annual income:



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Adjusted Income: Elderly or Disabled Deduction

- Elderly or Disabled Deduction is a one-time \$525 deduction
 - HUD has indicated that this amount may be updated annually
- The deduction is available to a household if the head, spouse, or co-head (or the sole member) is at least 62 years of age or older, or is a person with disabilities
- A household is entitled to only one deduction regardless of how many household members qualify as elderly or disabled

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Learning Point 1: Elderly or Disabled Deduction

Ted is 29 years old and a person with disabilities. Is Ted eligible for the elderly or disabled deduction on their certification? If yes, how much?

Carolyn is 62 and lives with her husband, Jeff, who is 35 and disabled. Is the household eligible for the elderly or disabled deduction on their certification? If yes, how much?

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Sample Household: Elderly or Disabled Deduction Certification

D. ELDERLY OR DISABLED FAMILY DEDUCTION

Is the head of household, spouse, or co-head at least 62 years of age or older? NO YES, who? Ursula

Is the head of household, spouse, or co-head a person with a disability? NO YES, who? _____

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Sample Household: Elderly or Disabled Deduction

Ursula Thompson, co-head in the Robles Household, is an elderly person.

Does this mean that the Robles household is eligible for the Elderly/Disabled Deduction?

How much is the deduction?

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Adjusted Income: Health & Medical Care Expense Deduction

- Health & Medical Care Expense Deduction is the portion of total medical expenses that exceeds 10% of annual income and is only permitted for households in which the head, spouse, or co-head is elderly or disabled
 - Households that received the deduction in 2023 will utilize a hardship implementation; 5% in 2024, 7.5% in 2025 and the full 10% in 2026
- If the household is eligible, include the unreimbursed anticipated medical expenses of ALL household members
 - Including non-elderly and dependent children
 - Foster persons are not eligible for this deduction
 - Medical expenses include medically necessary apparatus, services and medications
- Include ongoing expenses paid in the past 12 months to project the upcoming year's expenses
- Ongoing payments toward existing, unpaid medical bills are eligible for inclusion for the upcoming year
 - NOTE: Must only include the amount of payments to be made, not the total balance due

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Adjusted Income: Health & Medical Care Expense Deduction Continued

- Examples of eligible medical expenses include, but are not limited to:
 - Services of doctors and healthcare professionals
 - Services of healthcare facilities
 - Medical insurance premiums or cost of an HMO
 - Prescription/Nonprescription medicines that have been prescribed by a physician
 - Dental expenses
 - Eyeglasses
 - Hearing aids

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811 Hardship Phase-In Examples

Household moved in March 1, 2023 and receives the Health and Medical deductions:

March 1, 2024 – Deduction goes to 5%

March 1, 2025 – Deduction goes to 7.5%

March 1, 2026 – Deduction meets the 10% threshold as required by HOTMA

Household moved in March 1, 2023 and receives the Health and Medical deductions:

January 1, 2024 – Interim Reexamination done, Deduction goes to 5%

March 1, 2024 – Annual Certification, deduction remains at 5%

January 1, 2025 – Non-Interim Reexamination Transaction done to bring deduction to 7.5%

March 1, 2025 – Annual Certification, deduction remains at 7.5%

January 1, 2026 – Non-Interim Reexamination Transaction done to bring deduction to the 10% threshold as required by HOTMA

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Medical Expense: Acceptable Forms of Verification

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES				Self-Declaration	Verification Tips
	Written	Third Party Provided by Applicant	Oral	Provided by Applicant		
<ul style="list-style-type: none"> Medical expenses. (See Chapter 5, Paragraph 5-10.D) 	<ul style="list-style-type: none"> Verification by a doctor, hospital or clinic, dentist, pharmacist, etc., of estimated medical costs to be incurred or regular payments expected to be made on outstanding bills which are not covered by insurance. 	<ul style="list-style-type: none"> Copies of income tax forms (Schedule A, IRS Form 1040) that itemize medical expenses, when the expenses are not expected to change over the next 12 months. Receipts, or pay stubs, which indicate health insurance premium costs, or payments to a resident attendant. Receipts or ticket stubs that verify transportation expenses directly related to medical expenses. 	<ul style="list-style-type: none"> Telephone or in-person contact with these sources, documented in file by the owner. 	<ul style="list-style-type: none"> Copies of cancelled checks that verify payments on outstanding medical bills that will continue for all or part of the next 12 months. Cancelled checks which indicate health insurance premium costs, or payments to a resident attendant. 	<ul style="list-style-type: none"> Notarized statement or signed affidavit of transportation expenses directly related to medical treatment, if there is no other source of verification. 	<ul style="list-style-type: none"> Medical expenses are not allowable as deduction unless applicant is an elderly or disabled family. Status must be verified.
<ul style="list-style-type: none"> Need for an assistance animal. (See Chapter 3, Paragraph 3-29) 	<ul style="list-style-type: none"> Letter from "appropriate third party unless the need is readily apparent or already known". 					<ul style="list-style-type: none"> If the owner's policy is to verify this need, owner must implement policy consistently.

*NOTE: Requests for verification from "a third party source" must be accompanied by a Consent to Release form HUD-9887-A.
 *NOTE: If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.
 *NOTE: For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.
 *NOTE: For use of EVI Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.
 *NOTE: See examples and requirements found in Paragraph 5-12.B.1

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HUD 4350.3, Appendix 3

Sample Household: Health & Medical Care Expense Deduction Certification

E. HEALTH AND MEDICAL CARE EXPENSE DEDUCTION (If your household qualifies for the deduction listed in "D" then medical expenses for ALL household members may be eligible for deduction)

Identify any of the following medical expenses?	Estimated Annual Costs	Can Support for expenses be provided?
Medicare <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES	\$1,728	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Doctor Co-Pays <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES	\$1,000	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Prescription Costs <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES	\$1,500	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Medical Deduction Costs <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES	\$800	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Over the Counter Costs <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES	\$300	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Other: <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES	\$2,672	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES

Is the household reimbursed by an Agency and/or Individual for any of these costs? NO YES, who? _____

Did the household have any one-time non-recurring medical expenses? NO YES, explain? Hospital-grade bed for Ursula

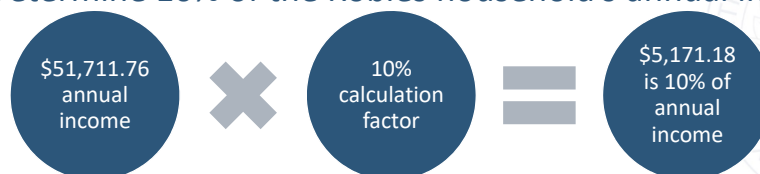
Sample Household: Health & Medical Care Expense Deduction

The Robles household contains 4 adults, the head, Eric, and spouse, Ariel, the co-head, Ursula and an adult dependent, Sebastian. Ursula is an elderly person, eligible for the previous deduction. Their total combined gross annual income is \$51,711.76, with a total of \$8,000 of anticipated eligible medical expenses for the household. Is the Robles household eligible for a medical expense deduction?

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Sample Household: Health & Medical Care Expense Deduction continued

- Step 1: Determine 10% of the Robles household's annual income:



- Step 2: Determine the medical expense deduction amount:



The Robles household is eligible for a medical expense deduction of **\$2,828.82**

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Adjusted Income: Medical Expense Deduction

If the household is eligible for both the Attendant Care & Auxiliary Apparatus deduction and the Health & Medical Care deduction, the following must be considered:

- Ensure that the household's 10% of income test is applied only one time
- The Attendant Care & Auxiliary Apparatus expense deduction must be calculated before the Health & Medical Care Expense deduction is determined
- The Attendant Care & Auxiliary Apparatus expense deduction is limited by the amount earned by the person enabled to work
- Expenses cannot be included in both categories (no double-dipping)

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Learning Point 1: Care/Apparatus & Health/Medical Expense Disability

L.J., from slides 26 & 27, has a Attendant Care & Auxiliary Apparatus expense deduction of \$6,020. In addition, L.J. also has Health & Medical Care expenses in the amount of \$1,500 that are not reimbursed by insurance. Since L.J.'s Care & Apparatus expense has already been calculated, which is required to be determined first, then the medical is just added.



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Learning Point 2: Apparatus & Health/Medical Expense Disability

Example – Special Calculation for Families Who Are Eligible for Disability Assistance and Medical Expense Deductions

The following is basic information on the family:

Head (retired/disabled)—SS/pension income	\$16,000
Spouse (employed)—employment income	+ \$4,000
Total Annual Income	\$20,000
Total disability assistance expenses	\$1,500
Total medical expenses	\$1,000

Step 1: Determine if the disability assistance expenses exceed 10% of the family's total annual income.

Total disability assistance expenses	\$1,500
Minus 10% of total annual income	<u>-\$2,000</u>
	(\$500)

No portion of the disability expenses exceeds 10% of the annual income; therefore, the disability assistance deduction is \$0.

Step 2: Calculate if the medical expenses exceed the balance of 3% of the family's total annual income.

Total medical expenses	\$1,000
Minus the balance of 10% of total annual income	<u>-\$500</u>
Allowable medical expenses deduction	\$500

In the event that the household's initial 10% calculation does not exceed the disability assistance expenses; the remainder of the 10% will be applied during the medical expense deduction calculation.

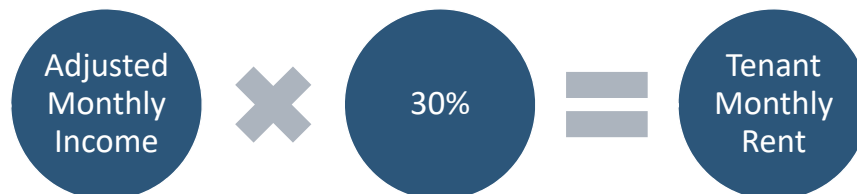
41

Adjusted Income: Calculating Rent

Step 1:



Step 2:



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Sample Household: Calculating Rent

The Robles household's gross annual income is \$51,711.76 and their adjusted income after deductions is \$38,937.94.

\$1,440 Dependent + \$7,980 Child Care + \$525 Elderly + \$2,828.82 Health & Medical Expense = \$12,773.82 total deductions



The calculated rent is rounded to \$973 because you don't, generally, collect change in rent.

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HOTMA: Deduction Examples

James, Head of Household, age 63
 Nicole, Spouse, age 52
 Casen, Dependent, age 14, disabled – requires attendant care

James's annual income	\$25,000
Nicole's annual income	+ \$23,000
Total Annual Income	\$48,000

James's out-of-pocket Health & Medical Care expenses	\$2,000
Nicole's out-of-pocket Health & Medical Care expenses	\$1,000
Casen's out-of-pocket Attendant Care expenses	+ \$6,000
Total Health & Medical Care and Attendant Care expenses	\$9,000

Less 10% required deduction: **\$4,800**

Annual Income	\$48,000
Medical Deduction	\$4,200
Dependent Deduction	\$480
Elderly/Disabled Ded.	\$525

To calculate rent:

Adjusted annual income
\$42,795

Divided by 12 months
\$3,566.25

Multiplied by 30%
\$1,069.88

Total Tenant Payment

Adjusted Annual Income \$42,795

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Adjusted Income: Send Notification of Rent Increase

A 30-day written notice is required to implement a rent increase.

Rent Increase Notification

Date: ____/____/____

RE: Change in Rent Notice

Tenant's Name: _____

Please be advised that effective ____/____/____ the monthly rent for the unit located at _____ where you are a currently a tenant, will be increase to \$_____ per month payable in advance on/or before the ____ of each month.

Sincerely,

Landlord/Property manager: _____

Signature: _____

SAMPLE LETTER FOR RENTAL INCREASE OR LEASE MODIFICATION AS TO THE LEASE TERM OR ADDITIONAL TERMS

DATE: _____

TO: _____

FROM: _____

THIS LEASE CONTRACT IDENTIFIES THE PROPERTY AND THE LEASE CONTRACT NUMBER. PLEASE PRINT THE PROPERTY ADDRESS AND LEASE CONTRACT NUMBER.

YOUR PROPERTIES:

Paragraph 16 of your TDA Lease Contract outlines the procedures for any modification of the lease at the end of the lease term or renewal period. In accordance with those procedures, we wish to give you notice, prior to the end of your lease term or renewal period, that:

(Print, check and use only applicable provisions.)

Your monthly rent will not be changed.

OR

Your monthly rent will be changed from \$_____ to \$_____ per month at the end of your initial lease term or renewal period (where applicable).

Other terms of your lease will not be changed.

OR

All other terms of your lease will be modified as shown in this attached TDA Lease Contract, which has been completed for your convenience. This new lease is on the attached TDA lease form, which may be different from the form used in your initial lease.

As provided in paragraph 16, the lease for the unit in which you are now living will be considered as so modified on the _____ day of _____, 20____, at the end of your initial lease term or renewal period. You must provide a written notice of your intent to continue to occupy the unit in compliance with the requirements of paragraph 16 of the TDA Lease Contract. This notice does not need to be provided by an owner's representative if you, the owner, signatory would be providing.

We would be happy to discuss the change with you if your convenience. We have delivered this letter to you personally or left it affixed to the inside of your front door to make sure you received it. Please stop by or call the office for an appointment. To minimize the chance of getting lost mail, you may want to consider a 3-business, 5-business, 10-business, or 15-business day.

OWNER'S REPRESENTATION

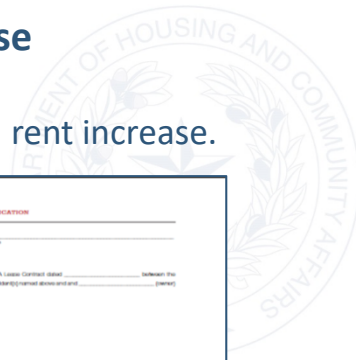
Name

Title

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Examples



Thank you!

Texas Department of Housing and Community Affairs

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