VIRGINIA VILES SERVICES, LLC

HOTMA Student Income Desk Chart

Public Housing, HCV, PBV, and RAD PBV (MTW agencies: confirm your HOTMA date)
HOTMA-aligned | 24 CFR Part 5, Subpart F

2027 Edition, Revision 2 (October 2026) | Effective January 1, 2027 | Updated for HUD Notice PIH 2026-15
Always verify current HUD guidance and your agency's approved ACOP/Administrative Plan before implementation.

Disclaimer: This desk chart is a general reference to help staff apply HOTMA student income rules. It does not replace HUD regulations, official HUD guidance, or the agency's HUD-approved ACOP or Administrative Plan. Staff must follow current HUD requirements and agency policy, and apply the rules in effect at the time of admission, reexamination, or interim action.

Which date applies to you? HUD will enforce the remaining HOTMA Section 102 and 104 provisions for Form HUD-50058 transactions effective on or after **January 1, 2027** for Public Housing, HCV, and PBV agencies (PIH 2026-15). DATE PENDING MTW agencies and agencies that use only HUD's Family Reporting Software are exempt from that date until HUD announces theirs. The student earned-income allowance equals the dependent deduction in 24 CFR 5.611, so use the amount in effect on the effective date of the transaction.

STEP 1: IS THE HOUSEHOLD MEMBER A "STUDENT"?

A student is a household member who is:

- Enrolled **full-time or part-time**
- At an **institution of higher education**
- Age 18 or older

K-12 students are not subject to student income rules.

STEP 2: IDENTIFY THE STUDENT'S HOUSEHOLD ROLE

HOTMA's treatment of a student's earned income turns on the person's **household role and full-time enrollment**, not on whether a parent or guardian claims the student as a tax dependent. Under 24 CFR 5.603, a "dependent" is a family member other than the head, co-head, or spouse who is under 18, has a disability, or is a full-time student.

Household role	What it means for the earned-income allowance
Head, co-head, or spouse (even if enrolled as a student)	The student earned-income allowance **never applies**. All earned income is counted.
Family member under age 18	Not evaluated under the student-allowance rule. A minor's income is handled under the separate exclusion for income of children under 18.

Household role	What it means for the earned-income allowance
Family member (not head/co-head/spouse), age 18+, **enrolled full-time**	A "dependent full-time student" under HOTMA, regardless of tax-filing dependency. Earned income above the HUD allowance is excluded (Step 4).
Family member (not head/co-head/spouse), age 18+, not a full-time student (for example part-time only, or not enrolled)	The student earned-income allowance **does not apply**. Income is handled under standard household-member rules.

STEP 3: STUDENT INCOME TREATMENT (QUICK RULES)

Included in annual income

Situation	Treatment
Student is head, co-head, or spouse	✓ ALL income included
Family-member student who is not enrolled full-time (part-time only or not enrolled)	✓ ALL income included
Dependent full-time student: earned income up to the HUD allowance	✓ Included (counted)
Scholarships/grants not tied to tuition, required fees, books/supplies, or documented room and board	✓ Included

Excluded from annual income

Situation	Treatment
Dependent full-time student: earned income in excess of the HUD allowance	✕ Excluded
Income of children under age 18	✕ Excluded
Scholarships/grants used for tuition, required fees, books, supplies, or documented room and board (Title IV/HEA aid, such as Pell Grants, is excluded in full regardless of use)	✕ Excluded
Federal work-study income	✕ Excluded

> **Key point:** The HUD Student Earned Income Allowance applies only to **dependent full-time students** (family members other than the head, co-head, or spouse, enrolled full-time). Only earned income above the allowance is excluded. The amount up to the allowance is still included in annual income.

Allowance in effect (equals the dependent deduction)	2026	2027
HUD student earned income allowance	$500	$525

HUD publishes the dollar amount each year (HUD User inflation-adjusted values). Staff must use the amount in effect on the transaction's effective date.

STEP 4: DEPENDENT STUDENT EARNED INCOME RULE

For dependent full-time students (family members other than head/co-head/spouse, enrolled full-time):

1. Determine total gross earned income.
2. Compare it to the HUD student earned income allowance in effect (2027: $525).
3. If earned income is **at or below** the allowance, the full amount is counted and nothing is excluded.
4. If earned income **exceeds** the allowance, the amount up to the allowance is counted and the amount above the allowance is excluded.

> **Counted income = the lesser of total earned income or the allowance amount.** Only the excess above the allowance is ever excluded. The allowance is not a subtraction that can zero out income below the threshold.

STEP 5: COMMON STAFF ERRORS (AVOID THESE)

- Treating all student income as excluded
- Applying the allowance to heads, co-heads, or spouses
- Excluding the income of a family-member student who is not enrolled full-time
- Counting tuition-only or required-fee-only scholarships as income
- Forgetting to verify full-time enrollment and household role
- **Reversing the calculation:** excluding the amount up to the allowance and counting the excess, instead of the opposite

STEP 6: VERIFICATION & DOCUMENTATION

Staff must document:

- Student status (enrollment verification, including full-time vs. part-time)
- Household relationship/role (head, co-head, spouse, or other family member), determined under HUD's definition at 24 CFR 5.603 and agency verification procedures, **not** tax-filing dependency
- Type of income (earned vs. scholarship vs. work-study)
- Calculation worksheet showing allowance application (if applicable)

Program notes

- Applies to Public Housing, HCV, PBV, and RAD PBV.
- Must be implemented consistent with your ACOP (Public Housing) or Administrative Plan (HCV, PBV, RAD PBV). MTW agencies also follow their MTW Plan.
- HOTMA did not eliminate student income rules. It reorganized income authority under 24 CFR Part 5, Subpart F.

Quick decision check

Question	Answer
Is the student the head, co-head, or spouse, **or** not enrolled full-time?	✓ Count all income
Is the student a family member (not head/co-head/spouse), age 18+, enrolled full-time?	✓ Apply the allowance: count income up to the allowance; exclude only the excess
Is the income tuition, required-fee, or book-and-supply scholarship money, documented room and board, or federal work-study?	✕ Exclude

MINI CALCULATION EXAMPLES: STUDENT INCOME

HOTMA income determination | 24 CFR 5.609; definitions at 24 CFR 5.603. These examples illustrate how PHAs apply HUD rules to students in assisted households.

Example 1: Dependent full-time student (age 19)

Scenario: family member (not head/co-head/spouse), enrolled full-time, a "dependent full-time student" under 24 CFR 5.603. Part-time employment. Annual earned income $6,200. 2027 allowance: $525 (use the amount in effect at the time of the action).

Step	Amount
Total earned income	$6,200
Amount excluded (above the $525 allowance)	– $5,675
Counted income (the lesser of earned income or the allowance)	**$525**

✔ Only the amount up to the allowance is included in annual income. The excess above the allowance is excluded.

Example 2: Dependent full-time student, income below the allowance

Scenario: dependent full-time student (not head/co-head/spouse), age 18, earned income $400 per year. 2027 allowance: $525.

$400 does not exceed the $525 allowance, so nothing is excluded. ✔ **All $400 is included in annual income.** The allowance only excludes the portion of earned income above the threshold. It cannot reduce counted income below what was actually earned.

Example 3: Full-time student who is the head of household

Scenario: age 22, head of household, enrolled full-time, earned income $7,500 per year.

$7,500 is fully counted. ✕ **The student earned-income allowance does NOT apply.** It applies only to dependent full-time students, meaning family members other than the head, co-head, or spouse, regardless of tax-filing dependency.

Example 4: Scholarship / grant income

Scenario: a full-time student receives a $5,000 scholarship award for the school year. Of the $1,500 stipend, the documented actual housing costs (per the school's cost of attendance for room and board) are $1,000. The remaining $500 has no documented education-related cost.

Component	Amount	Treatment
Tuition and required fees	$3,500	✕ Excluded
Stipend up to documented actual housing / room and board costs	$1,000	✕ Excluded
Stipend beyond documented actual costs	$500	✔ Included

Counted income: $500. A housing or living-expense stipend is not automatically included in full. HOTMA's student financial assistance exclusion can cover tuition, required fees, books, supplies, and, where documented against the school's cost of attendance, actual room and board. Only the portion of aid with no recognized education-related use is counted. Title IV (HEA) federal student aid, such as Pell Grants, is excluded in full regardless of how it is used.

FORMULA QUICK REFERENCE

Dependent full-time student earned income formula
Counted income = the **lesser** of: total earned income **or** the HUD student earned income allowance.
Excluded income = total earned income − counted income (only the amount above the allowance, if any).
If earned income ≤ allowance → counted income = full earned income (nothing excluded).
If earned income > allowance → counted income = the allowance; the excess is excluded.

Staff file documentation requirements

- Verification of student status (including full-time vs. part-time enrollment)
- Confirmation of household role (head/co-head/spouse vs. other family member)
- Income verification (pay stubs, employer statement, etc.)
- Scholarship documentation, if applicable, including any cost-of-attendance breakdown used to support exclusion of room and board
- Income calculation worksheet

Common errors to avoid

- Applying the student allowance to a head of household, spouse, or a family member who is not a full-time student
- Determining dependency status by tax-filing status rather than HUD's household-relationship definition
- Counting scholarships restricted to tuition or required fees, or documented room and board
- Reversing the allowance calculation
- Omitting calculation documentation from the tenant file

Key regulation: 24 CFR 5.609 (Annual income); 24 CFR 5.603 (Definitions of "dependent" and "student"); 24 CFR 5.611 (dependent deduction amount).

This tool supports consistent HUD-compliant determinations and MOR readiness.