HOTMA

STUDENT INCOME DESK CHART

Public Housing & Housing Choice Voucher (HCV)

(HOTMA-Aligned | 24 CFR Part 5, Subpart F)

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

2027 Edition | Prepared August 2026 | Effective January 1, 2027
Always verify current HUD guidance and your agency's approved ACOP/Administrative Plan before implementation.

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

Corrected: 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/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.
Family member (not head/co-head/ spouse), age 18+, enrolled <u>full-time</u>	This is 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+, <u>not</u> a full-time student (e.g., 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 / not enrolled)	✓ ALL income included
Dependent full-time student — earned income <u>up to</u> the HUD allowance	✓ Included (counted)
Scholarships/grants **not** tied to tuition, required fees, books/supplies, or documented room & board	✓ Included

EXCLUDED FROM ANNUAL INCOME

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

Key correction: 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). For 2027, the allowance is **$525**. Only earned income <u>above</u> this amount is excluded — the amount up to the allowance is still included in annual income. (HUD publishes the dollar amount annually; staff must use the current amount in effect.)

STEP 4: DEPENDENT STUDENT EARNED INCOME RULE (CORRECTED)

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**; 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 both Public Housing and HCV
- Must be implemented consistent with:
    - ACOP (Public Housing)
    - Administrative Plan (HCV)
- HOTMA **did not eliminate** student income rules — it reorganized income authority under 24 CFR Part 5, Subpart F

QUICK DECISION CHECK

Is the student the Head, Co-Head, 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/book-and-supply scholarship money, documented room & 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 Public Housing Authorities (PHAs) must apply HUD rules when calculating income for students in assisted households. This desk chart is intended for quick staff reference and does not replace agency policy.

Example 1: Dependent Full-Time Student (Age 19)

Scenario

- Household Member: family member (not head/co-head/spouse), enrolled full-time — a "dependent full-time student" under 24 CFR 5.603
- Age: 19
- Employment: Part-time
- Annual Earned Income: $6,200
- HUD Student Earned Income Allowance (2027): $525 (use the current HUD amount in effect at the time of the action)

Calculation

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 <u>up to the allowance</u> is included in annual income; the excess above the allowance is excluded.**

Staff must use the allowance amount in effect at the time of the income reexamination action.

Example 2: Dependent Full-Time Student – Income Below the Allowance

Scenario

- Dependent full-time student (family member, not head/co-head/spouse)
- Age: 18
- Earned Income: $400/year
- HUD Student Allowance (2027): $525

Calculation

$400 does not exceed the $525 allowance, so **nothing is excluded**.

✓ **All $400 is included in annual income.**

The allowance only ever 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

- Student Age: 22
- Household role: **Head of Household** (enrolled full-time)
- Earned Income: $7,500/year

Calculation

$7,500 = Fully Counted

✕ **Student earned income allowance does NOT apply**

The allowance applies only to dependent full-time students — 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:

Scholarship Component	Amount
Tuition & required fees	$3,500
Housing/living stipend	$1,500

Of the $1,500 stipend, the student's **documented actual housing costs** (per the school's cost of attendance for room & board) are $1,000. The remaining $500 has no documented education-related cost.

Income Treatment

Component	Treatment
Tuition & required fees ($3,500)	✕ Excluded
Stipend up to documented actual housing/room & board costs ($1,000)	✕ Excluded
Stipend beyond documented actual costs ($500)	✓ Included

Counted Income

✓ **$500 is included in annual income.**

Correction: 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/housing costs. Only the portion of aid with no recognized education-related use is counted as income. Title IV (HEA) federal student aid (e.g., Pell Grants) is excluded in full regardless of how it is used.

Formula Quick Reference

Dependent Full-Time Student Earned Income Formula (corrected)

Counted Income = the **LESSER** of: Total Earned Income OR the HUD Student Earned Income Allowance

Excluded Income = Total Earned Income − Counted Income (i.e., 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 amount**; the excess above the allowance is excluded

Staff File Documentation Requirements

PHA staff must document the following in the tenant file:

- 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 & board
- Income calculation worksheet

This tool is designed to support consistent HUD-compliant determinations and MOR readiness.

Common Errors to Avoid

- Applying the student allowance to: 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 & board
- Reversing the allowance calculation (excluding the amount up to the allowance instead of the excess above it)
- Omitting calculation documentation from the tenant file

Key Regulation

24 CFR §5.609 – Annual Income | 24 CFR §5.603 – Definitions ("dependent," "student")