

Necessary and Reasonable Expenses

The family determines the type of care or auxiliary apparatus to be provided and must describe how the expenses enable a family member to work. The family must certify that the disability assistance expenses are necessary and are not paid or reimbursed by any other source.

SHA Policy

SHA determines the reasonableness of the expenses based on typical costs of care or apparatus in the locality. To establish typical costs, SHA will collect information from organizations that provide services and support to persons with disabilities. A family may present, and SHA will consider, the family's justification for costs that exceed typical costs in the area.

Families That Qualify for Both Medical and Disability Assistance Expenses

SHA Policy

This policy applies only to families in which the head, spouse, or co-head is 62 or older or is a person with disabilities.

When expenses anticipated by a family could be defined as either medical or disability assistance expenses, SHA will consider them medical expenses unless it is clear that the expenses are incurred exclusively to enable a person with disabilities to work.

Verification of Medical and Disability Expenses

SHA Policy

Per its approved Moving to Work Supplement to the PHA Plan, SHA shall accept self-certification of allowable medical and disability expenses, as detailed in this section, as the highest form of verification for families participating in the Voucher program. Self-certification of medical and disability expenses which total no more than \$3,500 annually will be acceptable verification. Receipts and/or additional third-party verification will be required for expenses totaling more than \$3,500 annually.

SHA reserves the right to require third-party verification of expenses not exceeding the self-certification threshold for administrative and other reasons.

6-II.F. CHILD CARE EXPENSE DEDUCTION

HUD defines *childcare expenses* at 24 CFR 5.603(b) as “amounts anticipated to be paid by the family for the care of children under 13 years of age during the period for which annual income is computed, but only where such care is necessary to enable a family member to actively seek employment, be gainfully employed, or to further his or her education and only to the extent such amounts are not

reimbursed. The amount deducted shall reflect reasonable charges for childcare. In the case of childcare necessary to permit employment, the amount deducted shall not exceed the amount of employment income that is included in annual income.”

Childcare expenses do not include child support payments made to another on behalf of a minor who is not living in an assisted family’s household. However, childcare expenses for foster children that are living in the assisted family’s household, are included when determining the family’s child care expenses.

Qualifying for the Deduction

Determining Who Is Enabled to Pursue an Eligible Activity

SHA Policy

The family must identify the family member(s) enabled to pursue an eligible activity. The term eligible activity in this section means any of the activities that may make the family eligible for a childcare deduction (seeking work, pursuing an education, or being gainfully employed).

In evaluating the family’s request, SHA will consider factors such as how the schedule for the claimed activity relates to the hours of care provided, the time required for transportation, the relationship of the family member(s) to the child, and any special needs of the child that might help determine which family member is enabled to pursue an eligible activity.

Seeking Work

SHA Policy

If the childcare expense being claimed is to enable a family member to seek employment, the family must provide evidence of the family member’s efforts to obtain employment at each reexamination. The deduction may be reduced or denied if the family member’s job search efforts are not commensurate with the childcare expense being allowed by SHA.

Furthering Education

SHA Policy

If the childcare expense being claimed is to enable a family member to further his or her education, the member must be enrolled in school (academic or vocational) or participating in a formal training program. The family member is not required to be a full-time student, but the time spent in educational activities must be commensurate with the childcare claimed.

Being Gainfully Employed

SHA Policy

If the childcare expense being claimed is to enable a family member to be gainfully employed, the family must provide evidence of the family member's employment during the time that child care is being provided. Gainful employment is any legal work activity (full- or part-time) for which a family member is compensated.

Earned Income Limit on Child Care Expense Deduction

When a family member looks for work or furthers his or her education, there is no cap on the amount that may be deducted for childcare – although the care must still be necessary and reasonable. However, when childcare enables a family member to work, the deduction is capped by “the amount of employment income that is included in annual income.”²¹⁷ The earned income used for this purpose is the amount of earned income verified after any earned income disallowances or income exclusions are applied.

Note: The paragraph below is regulatory; however, it has been bolded so that staff is aware of this issue when calculating child care expense deductions for a family member who is receiving EID.

When the person who is enabled to work is a person who receives the earned income disallowance (EID) or a full-time student whose earned income above \$480 is excluded, childcare costs related to enabling a family member to work may not exceed the portion of the person's earned income that actually is included in annual income. For example, if a family member who qualifies for the EID makes \$15,000 but because of the EID only \$5,000 is included in annual income, childcare expenses are limited to \$5,000.

The PHA must not limit the deduction to the least expensive type of childcare. If the care allows the family to pursue more than one eligible activity, including work, the cap is calculated in proportion to the amount of time spent working.

SHA Policy

When the childcare expense being claimed is to enable a family member to work, only one family member's income will be considered for a given period of time. When more than one family member works during a given period, SHA generally will limit allowable childcare expenses to the earned income of the lowest-paid member. The family may provide information that supports a request to designate another family member as the person enabled to work.

²¹⁷ 24 CFR 5.603(b)

Eligible Child Care Expenses

The type of care to be provided is determined by the tenant family. SHA may not refuse to give a family the childcare expense deduction because there is an adult family member in the household that may be available to provide child care.

Allowable Child Care Activities

SHA Policy

For school-age children, costs attributable to public or private school activities during standard school hours are not considered.

Childcare expenses for a child or children who are attending school, will be calculated based on a standard school year of 36 weeks of school and 16 weeks of vacation.

The costs of general housekeeping and personal services are not eligible. Likewise, childcare expenses paid to a family member who lives in the family's unit are not eligible; however, payments for child care to relatives who do not live in the unit are eligible.

If a childcare provider also renders other services to a family or childcare is used to enable a family member to conduct activities that are not eligible for consideration, SHA will prorate the costs and allow only that portion of the expenses that is attributable to childcare for eligible activities. For example, if the care provider also cares for a child with disabilities who is 13 or older, the cost of care will be prorated. Unless otherwise specified by the childcare provider, the calculation will be based upon the number of hours spent in each activity and/or the number of persons under care.

Necessary and Reasonable Costs

Childcare expenses will be considered necessary if: (1) a family adequately explains how the care enables a family member to work, actively seek employment, or further his or her education, and (2) the family certifies, and the childcare provider verifies, that the expenses are not paid or reimbursed by any other source.

SHA Policy

Childcare expenses will be considered for the time required for the eligible activity plus reasonable transportation time. For childcare that enables a family member to go to school, the time allowed may include not more than one study hour for each hour spent in class.

To establish the reasonableness of childcare costs, SHA will use the schedule of child care costs from the Department of Human Services day care allowance schedule as a guide to determine the

maximum allowable deductions for childcare expenses. Families may present, and SHA will consider, justification for costs that exceed typical costs in the area.

Verification of Eligible Childcare Expenses

SHA Policy

Per its approved Moving to Work Supplement to the PHA Plan, SHA shall accept self-certification of eligible childcare expenses, as detailed in this section, as the highest form of verification for families participating in the Voucher program. Self-certification of childcare expenses which total no more than \$5,000 annually will be acceptable verification. Receipts and/or additional third-party verification will be required for expenses totaling more than \$5,000 annually.

SHA reserves the right to require third-party verification of expenses not exceeding the self-certification threshold for administrative and other reasons.

6-II.G. PERMISSIVE DEDUCTIONS²¹⁸

Permissive deductions are additional, optional deductions that may be applied to annual income. As with mandatory deductions, permissive deductions must be based on need or family circumstance and deductions must be designed to encourage self-sufficiency or other economic purpose. If the PHA offers permissive deductions, they must be granted to all families that qualify for them and should complement existing income exclusions and deductions.²¹⁹

The *Form HUD-50058 Instruction Booklet* states that the maximum allowable amount for total permissive deductions is less than \$90,000 per year.

SHA Policy

SHA has opted to not allow permissive deductions as allowed by HUD.

PART III: CALCULATING RENT

6-III.A. OVERVIEW OF INCOME-BASED RENT CALCULATIONS

The first step in calculating income-based rent is to determine each family's total tenant payment (TTP). Then, if the family is occupying a unit that has tenant-paid utilities, the utility allowance is subtracted from the TTP. The result of this calculation, if a positive number, is the tenant rent. If the TTP is less than the utility allowance, the result of this calculation is a negative number, and is

²¹⁸ 24 CFR 5.611(b)(1)

²¹⁹ PH Occ GB, p. 128