



[Docket No. FR-6410-N-01]

Federally Mandated Exclusions from Income –Updated Listing

AGENCY: Office of the Assistant Secretary for Public and Indian Housing; Office of the Assistant Secretary for Housing-Federal Housing Commissioner; and Office of the Assistant Secretary for Community Planning and Development, HUD.

ACTION: Notice.

SUMMARY: HUD's regulations provide for HUD to periodically publish in the **Federal Register** a notice that lists sources of income specifically excluded by any Federal statute from consideration as income for purposes of determining eligibility or benefits in a HUD program. HUD last published a notice that listed federally mandated exclusions from consideration of income on May 20, 2014. This notice replaces the previously published version, adds new exclusions, and removes exclusions that are now codified in HUD regulations.

FOR FURTHER INFORMATION CONTACT: For Multifamily Housing programs: Jennifer Lavorel, Director, Program Administration Office, Office of Asset Management and Portfolio Oversight, telephone number 202-402-2515. For other Section 8 programs administered under 24 CFR part 882 (Moderate Rehabilitation) and under part 982 (Housing Choice Voucher): Ryan Jones, Director, Housing Voucher Management and Operations Division, Office of Public and Indian Housing, telephone number 202-402-2677. For Public Housing Programs administered under part 960: Kymian Ray, Director, Public Housing Management and Occupancy Division, Office of Public and Indian Housing, telephone number 202-402-2065. For Indian Housing Programs: Heidi Frechette, Deputy Assistant Secretary, Office of Native American Programs, Office of Public and Indian Housing, telephone number 202-401-7914. For the HOME Investment Partnerships Program and the Housing Trust Fund Program, Virginia Sardone, Director, Office of Affordable Housing Programs, Office of Community Planning and Development, at 202-708-2684, room 7160; Rita Harcrow, Director, Office of HIV/AIDS

Housing, Office of Community Planning and Development, at 202-402-5374, room 7248; Jessie Kome, Director, Office of Block Grant Assistance, Office of Community Planning and Development, at 202-402-5539, room 7282. The mailing address for each office contact is Department of Housing and Urban Development, 451 7th Street SW, Washington, DC 20410. With the exception of the telephone number for the PIH Information Resource Center, these are not toll-free numbers. HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

Please note: Members of the public who are aware of any other Federal statutes that require certain income sources to be excluded from income or asset calculations in HUD programs, but are not mentioned in the notice, should submit information about the statute and the benefit program to one of the persons listed in the “For Further Information Contact” section above. Members of the public may also submit this information to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street, SW, Room 10276, Washington, DC 20410-0500.

SUPPLEMENTARY INFORMATION: Under several HUD programs (Mortgage Insurance and Interest Reduction Payment for Rental Projects under 24 CFR part 236; Section 8 Housing Assistance programs; Public Housing programs); HOME Investment Partnerships Program under 24 CFR part 92; Housing Trust Fund under 24 CFR part 93; Housing Opportunities for Persons With AIDS under 24 CFR part 574, the definition of income excludes amounts of other benefits specifically excluded by Federal law.

Background

Certain HUD programs require income and asset calculations to determine eligibility and levels of assistance. Some HUD programs are required by statute to perform income and asset determinations and other HUD programs apply these requirements administratively through

regulations, notices, contract agreements, etc. Any HUD program that requires income calculations for these purposes must not consider sources or amounts of income that are specifically excluded by Federal law. The purpose of this notice is to update the list of income and asset sources required by Federal law to be excluded from consideration in HUD programs.

Changes to the Previously Published List

HUD last published in the **Federal Register** a notice of federally mandated exclusions from income on May 20, 2014, at 79 FR 28938. Today's notice replaces the previously published version by adding four new income exclusions and correcting existing exclusions to identify where amounts are excluded from consideration as assets in HUD programs.

- 1) Corrects an exception to payments, including for supportive services and reimbursement of out-of-pocket expenses, for volunteers under the Domestic Volunteer Service Act of 1973, listed as exclusion (2);
- 2) Adds the amount of any refund (or advance payment with respect to a refundable credit) issued under the Internal Revenue Code is excluded from income and assets for a period of 12 months from receipt (26 U.S.C. 6409), listed as exclusion (14);
- 3) Adds allowance paid to children of certain Thailand service veterans born with spina bifida (38 U.S.C. 1822), listed as exclusion (17);
- 4) Corrects the exclusion of income applicable to programs under the Native American Housing Assistance and Self-Determination Act (NAHASDA) (25 U.S.C. 4101 et seq.) to more accurately capture the language of 25 U.S.C. 4103(9), listed as exclusion (23);
- 5) Corrects that any assistance, benefit, or amounts earned by or provided to the individual development account are excluded from income, as provided by the Assets for Independence Act, as amended (42 U.S.C. 604(h)(4)), listed as exclusion (25);
- 6) Corrects that the first \$2,000 of per capita payments are also excluded from assets unless the per capita payments exceed the amount of the original Tribal Trust Settlement proceeds and are made from a Tribe's private bank account in which the Tribe has

deposited the settlement proceeds (25 U.S.C. 117b(a), 25 U.S.C. 1407), listed as exclusion (26);

- 7) Adds the value of, distributions from, and certain contributions to Achieving Better Life Experience (ABLE) accounts established under the ABLE Act of 2014 (Pub. L. 113-295.), listed as exclusion (28); and
- 8) Adds assistance received by a household from payments made under the Emergency Rental Assistance Program pursuant to the Consolidated Appropriations Act, 2021 (Pub. L. 116-260), and the American Rescue Plan Act of 2021 (Pub. L. 117-2), listed as exclusion (29).

Updated List of Federally Mandated Exclusions from Income:

The following updated list of Federally mandated income exclusions supersedes the notice published in the **Federal Register** on May 20, 2014. The exclusions listed below apply to income only, except where HUD states that the exclusion also applies to assets. Actual income earned from an excluded asset may be included in income if it is not deposited into an account that is disregarded and excluded under one of the below authorities. If an amount is in an excluded account, like an Independent Development Account or an ABLE account, then the statute or the regulations associated with that income/asset exclusion will dictate what portion of the income earned off the amount, if any, is to be included in the family's income. Please note that exclusions (13) and (23) have provisions that apply only to specific HUD programs):

(1) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017(b)). This exclusion also applies to assets;

(2) Payments, including for supportive services and reimbursement of out-of-pocket expenses, for volunteers under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 5044(f)(1), 42 U.S.C. 5058), are excluded from income except that the exclusion shall not apply in the case of such payments when the Chief Executive Officer of the Corporation for National and Community Service appointed under 42 U.S.C. 12651c determines that the value of all such

payments, adjusted to reflect the number of hours such volunteers are serving, is equivalent to or greater than the minimum wage then in effect under the Fair Labor Standards Act of 1938 (29 U.S.C. 201 *et seq.*) or the minimum wage, under the laws of the State where such volunteers are serving, whichever is the greater (42 U.S.C. 5044(f)(1)). This exclusion also applies to assets;

(3) Certain payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c)). This exclusion also applies to assets;

(4) Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 5506). This exclusion also applies to assets;

(5) Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f)(1)). This exclusion also applies to assets;

(6) Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540, section 6). This exclusion also applies to assets;

(7) The first \$2000 of per capita shares received from judgment funds awarded by the National Indian Gaming Commission or the U.S. Claims Court, the interests of individual Indians in trust or restricted lands, and the first \$2000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands. This exclusion does not include proceeds of gaming operations regulated by the Commission (25 U.S.C. 1407-1408). This exclusion also applies to assets;

(8) Amounts of student financial assistance funded under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070), including awards under Federal work-study programs or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu). For section 8 programs only (42 U.S.C. 1437f), any financial assistance in excess of amounts received by an individual for tuition and any other required fees and charges under the Higher Education Act of 1965 (20 U.S.C. 1001 *et seq.*), from private sources, or an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall not be considered

income to that individual if the individual is over the age of 23 with dependent children (Pub. L. 109-115, section 327)(as amended)

(9) Payments received from programs funded under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056g);

(10) Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund (Pub. L. 101-201) or any other fund established pursuant to the settlement in *In Re Agent Orange Product Liability Litigation*, M.D.L. No. 381 (E.D.N.Y.). This exclusion also applies to assets;

(11) Payments received under the Maine Indian Claims Settlement Act of 1980 (Pub. L. 96-420 section 9(c)). This exclusion also applies to assets;

(12) The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q);

(13) Earned income tax credit (EITC) refund payments¹ received on or after January 1, 1991, for programs administered under the United States Housing Act of 1937, title V of the Housing Act of 1949, section 101 of the Housing and Urban Development Act of 1965, and sections 221(d)(3), 235, and 236 of the National Housing Act (26 U.S.C. 32(l)). This exclusion also applies to assets;

(14) The amount of any refund (or advance payment with respect to a refundable credit) issued under the Internal Revenue Code is excluded from income and assets for a period of 12 months from receipt (26 U.S.C. 6409);

(15) Payments by the Indian Claims Commission to the Confederated Tribes and Bands of the Yakima Indian Nation or the Apache Tribe of the Mescalero Reservation (Pub. L. 95-433 section 2). This exclusion also applies to assets;

¹ Please note: While this income exclusion addresses EITC refund payments for certain HUD programs, the exclusion in 26 U.S.C. 6409 excludes Federal tax refunds more broadly for any Federal program or under any State or local program financed in whole or in part with Federal fund.

(16) Allowances, earnings and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d));

(17) Any allowance paid to children of Vietnam veterans born with spina bifida (38 U.S.C. 1802-05), children of women Vietnam veterans born with certain birth defects (38 U.S.C. 1811-16), and children of certain Korean and Thailand service veterans born with spina bifida (38 U.S.C. 1821-22) is excluded from income and assets (38 U.S.C. 1833(c)).

(18) Any amount of crime victim compensation that provides medical or other assistance (or payment or reimbursement of the cost of such assistance) under the Victims of Crime Act of 1984 received through a crime victim assistance program, unless the total amount of assistance that the applicant receives from all such programs is sufficient to fully compensate the applicant for losses suffered as a result of the crime (34 U.S.C. 20102(c)). This exclusion also applies to assets;

(19) Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998 reauthorized as the Workforce Innovation and Opportunity Act of 2014 (29 U.S.C. 3241(a)(2));

(20) Any amount received under the Richard B. Russell School Lunch Act (42 U.S.C.1760(e)) and the Child Nutrition Act of 1966 (42 U.S.C. 1780(b)), including reduced-price lunches and food under the Special Supplemental Food Program for Women, Infants, and Children (WIC). This exclusion also applies to assets;

(21) Payments, funds, or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 (Pub. L. 101-503 section 8(b)). This exclusion also applies to assets;

(22) Payments from any deferred U.S. Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts (42 U.S.C. 1437a(b)(4));

(23) Any amounts (i) not actually received by the family, (ii) that would be eligible for exclusion under 42 U.S.C. 1382b(a)(7), and (iii) received for service-connected disability under 38 U.S.C. chapter 11 or dependency and indemnity compensation under 38 U.S.C. chapter 13 (25 U.S.C. 4103(9)(C)) as provided by an amendment by the Indian Veterans Housing Opportunity Act of 2010 (Pub. L. 111-269 section 2) to the definition of income applicable to programs under the Native American Housing Assistance and Self-Determination Act (NAHASDA) (25 U.S.C. 4101 et seq.);

(24) A lump sum or a periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the case entitled *Elouise Cobell et al. v. Ken Salazar et al.*, 816 F.Supp.2d 10 (Oct. 5, 2011 D.D.C.), for a period of one year from the time of receipt of that payment as provided in the Claims Resolution Act of 2010 (Pub. L. 111-291 section 101(f)(2)). This exclusion also applies to assets;

(25) Any amounts in an “individual development account” are excluded from assets and any assistance, benefit, or amounts earned by or provided to the individual development account are excluded from income, as provided by the Assets for Independence Act, as amended (42 U.S.C. 604(h)(4));

(26) Per capita payments made from the proceeds of Indian Tribal Trust Settlements listed in IRS Notice 2013-1 and 2013-55 must be excluded from annual income unless the per capita payments exceed the amount of the original Tribal Trust Settlement proceeds and are made from a Tribe’s private bank account in which the Tribe has deposited the settlement proceeds. Such amounts received in excess of the Tribal Trust Settlement are included in the gross income of the members of the Tribe receiving the per capita payments as described in IRS Notice 2013-1. The first \$2,000 of per capita payments are also excluded from assets unless the per capita payments exceed the amount of the original Tribal Trust Settlement proceeds and are made from a Tribe’s private bank account in which the Tribe has deposited the settlement proceeds (25 U.S.C. 117b(a), 25 U.S.C. 1407);

(27) Federal assistance for a major disaster or emergency received by individuals and families under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Pub. L. 93-288, as amended) and comparable disaster assistance provided by States, local governments, and disaster assistance organizations (42 U.S.C. 5155(d)). This exclusion also applies to assets;

(28) Any amount in an Achieving Better Life Experience (ABLE) account, distributions from and certain contributions to an ABLE account established under the ABLE Act of 2014 (Pub. L. 113-295.), as described in Notice PIH 2019-09/H 2019-06 or subsequent or superseding notice is excluded from income and assets; and

(29) Assistance received by a household under the Emergency Rental Assistance Program pursuant to the Consolidated Appropriations Act, 2021 (Pub. L. 116-260, section 501(j)), and the American Rescue Plan Act of 2021 (Pub. L. 117-2, section 3201). This exclusion also applies to assets.

Richard Monocchio,

Principal Deputy Assistant Secretary for Public and Indian Housing.

Julia R. Gordon,

Associate General Deputy Assistant Secretary for Housing – Associate Deputy Federal Housing Commissioner.

Marion M. McFadden,

Principal Deputy Assistant Secretary for Community Planning and Development.

[Billing code: 4210-67]

[FR Doc. 2024-01873 Filed: 1/30/2024 8:45 am; Publication Date: 1/31/2024]