

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF STATE FINANCIAL ASSISTANCE**

651 Bannon Street, Suite 800, 95811  
P. O. Box 952054  
Sacramento, CA 94252-2054  
(916) 263-2771 / (FAX) 263-2763  
[www.hcd.ca.gov](http://www.hcd.ca.gov)



DATE: January 21, 2025

TO: Sponsors, Borrowers and Management Agents of Rental Projects  
Directly Funded by HCD

FROM: Lindy Suggs, Branch Chief *Lindy Suggs*  
Asset Management and Compliance

SUBJECT: Disability Income Exclusion for Veterans

**Administrative Notice: Notice Number DSFA 25-01**

This Administrative Notice establishes a formal written notification of administrative guidelines and policies that affect the operation of Department financing programs. This format is used to identify, clarify, and record administrative guidelines and interpretations of public interest.

This Administrative Notice (Notice) sets forth and establishes the California Department of Housing and Community Development's (HCD or Department) implementation of alternative requirements for veterans' income eligibility determinations for all HCD funding programs. This policy clarifies HUD's special rule for the HUD-VASH Voucher program under 24 CFR Parts 982 and 983 and clarifies similar rules under AB 535 (Chapter 918, Statutes 2024).

**Background:**

On August 13, 2024, HUD published "Section 8 Housing Choice Vouchers: Revised Implementation of the HUD Veterans Affairs Supporting Housing Program (VASH)" ([FR-6476-N-01](#)) that provides new requirements to exclude veterans' service-connected disability benefits from household income calculations for the purpose of determining VASH applicants' income eligibility for both project-based and tenant-based vouchers. Under this HUD-VASH special rule, VA disability payments are excluded only for the purposes of determining income eligibility but are included when calculating the tenant-paid portion of rent. This alternate income requirement applies specifically to the HUD-VASH program and is not applicable to other HUD Section 8 Housing Choice Voucher programs.

Please also note that on September 29, 2024, Governor Newsom signed [AB 535](#) (Statutes 918, Chapter 2024) that excluded all military service-connected disability benefits from HCD's Veterans Housing and Homelessness Prevention Program (VHHP) household income eligibility calculations. On November 25, 2024, the HCD released [Administrative Notice 24-06](#) providing guidance on calculation of household income for

the purpose of VHHP eligibility. This VHHP exclusion applies only to VHHP-assisted units and is not dependent on if the household are VASH participants.

Policy Change:

As a result of this change, all HCD-funded programs now exclude military service-connected disability benefits from the modified annual gross household income calculations for all VASH participants.

When calculating household income for VASH participants, owners and operators must omit VA disability income from the household income determination.

Please note the exclusion does not include general disability income such as Social Security Disability Insurance (SSDI) that is received by veterans. Other disability income must still be included in the veterans' household income calculations.

The income exclusion applies to all HCD-assisted units with VASH participants. The rule's applicability is not limited to units that are specifically restricted to veterans. Further, it is applicable both to applicants who have tenant-based VASH vouchers and applicants applying to units that have project-based VASH vouchers.

The California Tax Credit Allocation Committee has issued similar HUD-VASH guidance for tax credit programs at <https://www.treasurer.ca.gov/ctcac/compliance.asp>.

If you have any questions regarding income exclusions for veterans, you may contact Joanna Nguyen, Occupancy Compliance Section Chief, at [Joanna.Nguyen@hcd.ca.gov](mailto:Joanna.Nguyen@hcd.ca.gov).