

**SOCIAL SECURITY ADMINISTRATION
COST OF LIVING ALLOWANCE (COLA)
Effective January 1, 2008**

The new 2008 Social Security cost of living adjustment (COLA) of 2.3% was published on October 17, 2007. Property managers should include this increase (similar to a raise) when calculating anticipated income for tenants in Sec. 42 tax credit properties

- ❑ on a prorated monthly basis for households whose incomes have not yet been certified during 2007, and
- ❑ for the next 12 months for households whose income certification or recertification begins January 1, 2008.

For example, if a household is being certified effective September 1, 2007 and it received Social Security income of \$1,000 a month, anticipated annualized income would be \$12,000.

However, if the household is being certified after October 17, 2007 (or the Tenant Income Certification had not yet been signed as of October 18 for an earlier effective date), the 2.3% increase must be calculated for social security payments expected to be received after January 1, 2008.

For example, for a household with Social Security income of \$1,000 a month and a Tenant Income Certification effective date of November 1, 2007, use two months at \$1,000 and 10 months at \$1,023 ($\$1,000 \times 2.3\%$ or $\$1,000 \times .023 = \23 per month increase). The new anticipated annualized income would be \$12,230 ($\$2,000 + \$10,230$).

For more examples of when to use COLA, see HUD Handbook 4350.3 Rev-1, Change 2.