

# INCOME DETERMINATION PROCEDURE

(latest revision 3/16)

## ***General***

1. PHA will document and calculate income and asset information on the following applicable forms.
  - Annual Income Worksheet
  - Asset income Worksheet
  - Asset Divestiture Worksheet
2. All calculation forms and notes will be initialed by the PHA staff gathering and computing information and placed in family file.

## ***What is considered Income*** (24 CFR 5.609)

1. **Gross Earned Income** full amount before any payroll deductions, of
  - wages and salary
  - overtime
  - wages and salary
  - commission and fees
  - tips and bonuses
  - other compensation for personal services
2. **Business Income/Self-Employment**
3. **Social Security and SSI** - periodic payments
4. **Annuities, Retirement Funds, Pensions** - periodic payments and lump sum amount or prospective monthly amounts for the delayed start of a periodic amount.
5. **Disability or Death or other similar types of benefits** - periodic payments and lump sum amount or prospective monthly amounts for the delayed start of a periodic amount.

6. **Insurance Policies** - periodic payments and lump sum amount or prospective monthly amounts for the delayed start of a periodic amount.
7. **Unemployment, Disability Compensation, Workers Compensation and Severance Pay** - paid to individual in lieu of earnings
8. **TANF** (Temporary Assistance for Needy Families) - received by or on behalf of any family member.
9. **Child Support and Alimony** - periodic and determinable
10. **Regular Cash Contributions or Gifts** from agencies or persons not residing in the dwelling, made to or on behalf of family members - periodic and determinable.
11. **Military Pay** - regular, special and allowances
12. **Imputed Welfare Income** - The amount of annual income not actually received by a family, as a result of a specified welfare benefit reduction due to fraud by a family member in connection with the welfare program; or because of welfare agency sanction against a family member for noncompliance with a welfare agency requirement to participate in an economic self-sufficiency program.
13. **Asset Income - Interest, dividends, and other net income** of any kind from real or personal property.
14. Section 8 only - As provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph, "financial assistance" does not include loan proceeds for the purpose of determining income.
  - a.. If the student lives with a parent/guardian who receives or is applying for the Housing Choice Voucher assistance, the student financial assistance will not be counted for determination of family eligibility at admission or reexamination.
  - b. If the student is at least 24 years old with at least one dependent child, the financial assistance will not be counted for determination of eligibility at admission or reexamination and parental income will not be examined

at admission or reexamination.

- c. If the student meets ANY of the following criteria: at least 24, veteran, married or has at least one dependent child the following will apply:
    - 1) Financial assistance in excess of tuition will be counted for determination of family eligibility at admission.
    - 2) Student loans will not be counted.
    - 3) Parental income will not be examined at admission or reexamination.
  
  - d. If the student qualifies as an "independent student", as defined in the Administrative Plan, the following will apply:
    - 1) Financial assistance in excess of tuition will be counted for determination of family eligibility at admission.
    - 2) Student loans will not be counted.
    - 3) Parental income will not be examined at admission or reexamination.
    - 4) Individual income eligibility will be tested at reexamination and assistance will be terminated if income exceeds applicable limit.
  
  - e. If the student does not fall into any of the above categories (a, b, c, and d), then the income eligibility of one or both parents will be examined and verified according to Verification Procedures.
    - 1) Financial assistance in excess of tuition will be counted for determination of family eligibility at admission.
    - 2) Student loans will not be counted.
    - 3) Individual income eligibility will be tested at reexamination and assistance will be terminated if income exceeds applicable limit.
    - 4) Parental income will be tested at reexamination and assistance will be terminated if parental income exceeds applicable limit.
15. the portion of any athletic scholarship assistance available for housing costs.

## ***What is Not Considered Income*** (24 CFR 5.609) (3/16)

Annual Income does not include the following:

1. Income from the employment of children (including foster children) under the age of 18 years;
2. Payments received for the care of foster children (includes kinship care payments) or foster adults (usually individuals with disabilities, unrelated to the resident family, who are unable to live alone);
3. Lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance, and worker's compensation), capital gains, one-time lottery winnings, and settlement for personal property losses (but see paragraphs 4 and 5 above if the payments are or will be periodic in nature);  
(See paragraph 14. below for treatment of delayed or deferred periodic payments of social security or supplemental security income benefits.)
4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
5. Income of a live-in aide, provided the person meets the definition of a live-in aide;
6. The full amount of student financial assistance, including assistance to pay mandatory education fees, paid directly to the student or the educational institution;
7. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
8. Certain amounts received that are related to participation in the following programs:
  - a. Amounts received under HUD funded training programs (e.g. Step-up program: excludes stipends, wages, transportation payments, child care vouchers, etc. for the duration of the training);
  - b. Amounts received by a person with disabilities that are disregarded for a limited time for purposes of Supplemental Security Income and benefits that are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
  - c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) to allow participation in a specific program;
  - d. A resident services stipend. A resident services stipend is a modest

amount (not to exceed \$200/month) received by a public housing resident for performing a service for the PHA, on a part-time basis, that enhances the quality of life in public housing. Such services may include but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination. No resident may receive more than one such stipend during the same period of time; and

- e. Incremental earnings and/or benefits resulting to any family member from participation in qualifying state of local employment training program (including training programs not affiliated with the local government), and training of family members as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for a limited period as determined in advance by the PHA;
- 9. Temporary, non-recurring, or sporadic income (including gifts);
  - 10. Reparation payments paid by foreign governments pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
  - 11. Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of the household and spouse);
  - 12. Adoption assistance payments in excess of \$480 per adopted child;
  - 13. EID: The incremental earnings and benefits to any resident 1) whose annual income increases due to employment of a family member who was unemployed for one or more years previous to employment; or 2) whose annual income increases as the result of increased earnings by a family member during participation in any economic self sufficiency or other job training program; or 3) whose annual income increases due to new employment or increased earnings of a family member during or within six months of receiving state-funded assistance, benefits or services, will not be increased during the exclusion period. For purposes of this paragraph, the following definitions apply:
    - a. State-funded assistance, benefits or services means any state program for temporary assistance for needy families funded under Part A of Title IV of the Social Security Act, as determined by the PHA in consultation with the local agencies administering temporary assistance for needy families (TANF) and Welfare-to-Work programs. The TANF program is not limited to monthly income maintenance, but also includes such benefits and services as one-time payments, wage subsidies and transportation assistance – provided that the total amount over a six-month period is at least \$500.
    - b. During the 12 month period beginning when an EID qualified family

member first qualifies for a disallowance, the PHA must exclude from Annual Income any increase in income as a result of employment. For the 12 months following the exclusion period, 50% of the income increase shall be excluded.

- c. The maximum period for the disallowance (exclusion) is a straight 24 months.
14. Deferred periodic payments of supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts;
15. Deferred payments of VA disability benefits that are received in a lump sum amount or in prospective monthly amounts;
16. Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;
17. Amounts paid by a State agency to a family with a developmentally disabled family member living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home;
18. Amounts specifically excluded by any other Federal Statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the United States Housing Act of 1937. (A notice will be published by HUD in the Federal Register identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.)

The following is a list of benefits excluded by other Federal Statute:

- a. The value of the allotment provided to an eligible household under Supplemental Nutrition Assistance Program (SNAP) (formerly Food Stamp Program)
- b. Payments to volunteers under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 5044(f)(1), 5058);  
Examples of programs under this Act include but are not limited to:
  - the Retired Senior Volunteer Program (RSVP), Foster Grandparent Program (FGP), Senior Companion Program (SCP), and the Older American Committee Service Program;
  - National Volunteer Antipoverty Programs such as VISTA, Peace Corps, Service Learning Program, and Special Volunteer Programs;
  - Small Business Administration Programs such as the National Volunteer Program to Assist Small Business and Promote Volunteer Service to Persons with Business Experience, Service Corps of Retired Executives (SCORE), and Active

Corps of Executives (ACE).

- c. Certain payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c));
- d. Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e);
- e. Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f));
- f. Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540, section 6);
- g. 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 (25 U.S.C. 1407-1408). This exclusion does not include proceeds of gaming operations regulated by the Commission;
- h. Amounts of scholarships 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);
- i.. Payments received from programs funded under title V of the Older Americans Act of 1965 (42 U.S.C. 3056g);

Examples of programs under this act include but are not limited to: Senior Community Services Employment Program (CSEP), National Caucus Center on the Black Aged, National Urban League, Association National Pro Personas Mayores, National Council on Aging, American Association of Retired Persons, National Council on Senior Citizens, and Green Thumb.

- j. 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 Liability Litigation, M.D.L. No. 381 (E.D.N.Y.);

- k. Payments received under the Maine Indian Claims Settlement Act of 1980 (Pub. L. 96–420, 25 U.S.C. 1728);
- l. 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);
- m. Earned income tax credit (EITC) refund payments 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));
- n. Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95–433);
- o. Allowances, earnings and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d));
- p. Any allowance paid under the provisions of 38 U.S.C. 1833(c) 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 service veterans born with spina bifida (38 U.S.C. 1821).
- q. Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act (42 U.S.C. 10602(c));
- r. Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998 (29 U.S.C. 2931(a)(2));
- s. 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);

- t. Payments, funds, or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 (25 U.S.C. 1774f(b));
- u. 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));
- v. Compensation received by or on behalf of a veteran for service-connected disability, death, dependency, or indemnity compensation as provided by an amendment by the Indian Veterans Housing Opportunity Act of 2010 (Pub. L. 111–269; 25 U.S.C. 4103(9)) to the definition of income applicable to programs authorized under the Native American Housing Assistance and Self-Determination Act (NAHASDA) (25 U.S.C. 4101 et seq.) and administered by the Office of Native American Programs;
- w. A lump sum or a periodic payment received by an individual 28940 Federal Register / Vol. 79, No. 97 / Tuesday, May 20, 2014 / Notices 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);
- x. Any amounts in an “individual development account” as provided by the Assets for Independence Act, as amended in 2002 (Pub. L. 107–110, 42 U.S.C. 604(h)(4));
- y. Per capita payments made from the proceeds of Indian Tribal Trust Cases as described in PIH Notice 2013–30 “Exclusion from Income of Payments under Recent Tribal Trust Settlements” (25 U.S.C. 117b(a)); and
- z. Major disaster and emergency assistance 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)).

## **Valuing Assets**

1. The PHA will generally use current circumstances to determine the value of assets
2. The following lump-sum payments are generally considered assets instead of income IF they are deposited in savings or checking accounts or another form recognizable as an asset.
  - inheritances
  - insurance payments (including payments under health and accident insurance)
  - Worker's Compensation
  - Capital Gains
  - Settlement for personal property losses
3. In anticipating income on an asset, the value of the asset is not always required, for example, if the asset is a property with rental income. If it is required, the market value is used
4. If an asset is owned by more than one person and any family member has unrestricted access to the asset, the PHA will count the full value of the asset. Unrestricted access means that the individual can legally dispose of the asset without the consent of any of the other owners.
5. If an asset is owned by more than one person, including a family member, but the family does not have unrestricted access to the asset, the PHA will prorate the asset according to the percentage of ownership. If no percentage is specified or provided for by state or local law, the PHA will prorate the asset evenly among all owners.
6. **Assets disposed of**
  - PHA will not include the value of assets disposed of for less than fair market value unless the cumulative fair market value of all assets disposed of during the past two years exceeds the gross amount received for the assets by more than \$1,000.
  - Assets placed by the family in non-revocable trusts are considered assets disposed of for less than fair market value except when the assets placed in trust were received through settlements or judgments.

- Assets disposed of as part of a separation or divorce settlement or foreclosure or bankruptcy will not be considered assets disposed of for less than fair market value
7. **For regular checking and savings accounts**, cash value has the same meaning as market value
- In determining the value of a checking account, the PHA will use the average monthly balance for the last six months
  - In determining the value of a savings account, the PHA will use the current balance
8. **Investment accounts**
- In determining the market value of an investment account, the PHA will use the value of the account on the most recent investment report.
  - In determining the case value of an investment account, broker fees, penalties for early withdrawal or other costs of converting the asset to cash will be deducted from the market value.
9. **Equity in Real Property or other capital investments**
- Equity (or cash value) in a property or other capital asset is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset.
  - In a case of capital investments owned jointly with others not living in a family's unit, a prorated share of the property's cash value will be counted as an asset unless the PHA determines that the family receives no income from the property and is unable to sell or otherwise convert the asset to cash.
  - The following equity positions are NOT counted in the value of assets
    - equity accounts in HUD homeownership programs
    - equity in real property when a family member's main occupation is real estate--this would be considered a business asset
    - interests in Indian Trust lands
    - real property and capital assets that are part of an active business or farming operation
10. **Trusts**

- If any member of the family has the right to withdraw the funds in a trust, the value of the trust is considered an asset.
- In cases where a trust is not revocable by or under the control of any member of a family, the value of the trust is NOT considered an asset.

#### 11. **Retirement Accounts**

- While a family member is employed, only the amount the family member can withdraw without retiring or terminating employment is counted as an asset
- After a family member retires or terminates employment, any amount distributed to the family is counted as a periodic payment or a lump-sum receipt.. The balance in the account is counted as an asset only if it remains accessible to the family member.
- IRA, Keogh and similar retirement savings accounts are counted as assets even though early withdrawal would result in a penalty.

#### 12. **Personal property** (gems, jewelry, coin collections, etc)

- In determining the value of personal property, the PHA will use the family's estimate of the value.
- PHA may also obtain an appraisal but must not charge the family for any costs associated with an appraisal

#### 13. **Life Insurance**

- The cash value of a life insurance policy available to a family member before death, such as whole life or universal life, is included in the calculation of the value of family's assets

### ***Figuring Total Family Annual Income***

#### **Earned and Benefit Income**

1. Once all sources of income are known and verified, the PHA must convert reported income to an annual figure anticipated for the upcoming 12 months. This may be accomplished by two methods.

- A. Annualizing CURRENT income and subsequently conducting an interim re-examination if income changes
- Multiply hourly wages by the number of hours worked per year (2080 hours for full-time employment with a 40-hour work week and no overtime)
  - Multiply weekly wages by 52
  - Multiply bi-weekly wages (paid every other week) by 26
  - Multiply semi-monthly wages (paid twice each month) by 24
  - Multiply monthly wages by 12
- B. Averaging anticipated income from all known sources, using available information (good to use for seasonal work)

EXAMPLE:

A teacher's assistant works nine months annually and receives \$1300 per month. During the summer recess, the teacher's assistant works for the Parks and Recreation Department for \$600 per month. the PHA may calculate the family's income using either of the above methods:

- Annualize based on current income: \$15,600 ( $\$300 \times 12$  months). Rent would be based on this amount until the monthly income changes at the end of the school year. An interim re-examination would then be conducted to recalculate the family's income during the summer months at the reduced annualized amount of \$7200 ( $\$600 \times 12$  months). Another re-examination would be conducted when the monthly income goes back up at the beginning of school.
- Calculate based on Average Experience:

for 9 months, income is \$11,700      ( $\$13,000 \times 9$  months)  
for 3 months, income is \$1,800      ( $\$600 \times 3$  months)

Total anticipated income would be \$13,500.

Using this method, an interim re-examination would not be needed unless circumstances change

2. When the PHA cannot readily anticipate income based on current circumstances, the PHA will

- review and analyze historical data for patterns of employment, paid benefits, and receipt of other income and use the results to establish annual income.
- rationale for why current circumstances were not used will be documented in the family file
- If the PHA has verified an upcoming increase or decrease in income, income will be figured by applying each income amount to the appropriate part of the 12-month period

EXAMPLE: An employer reports that a full-time employee who has been receiving \$6/hour will begin to receive \$6.25/hour in the eighth week after the effective date of the re-examination. In such a case, the PHA would calculate annual income as follows: ( $\$6/\text{hour} \times 40 \text{ hours} \times 7 \text{ weeks}$ ) + ( $\$6.25 \times 40 \text{ hours} \times 45 \text{ weeks}$ )

- If the family presents information that demonstrates that implementing a change before the effective date would create a hardship for the family, the PHA will calculate income using current circumstances and then conduct an interim re-examination when the change actually occurs.

### 3. **Bonuses and commissions**

- For persons who regularly receive bonuses or commissions, the PHA will average amounts received for the two years preceding admission or re-examination
- If only a one-year history is available, the PHA will use the prior year amounts.
- If family can provide credible justification for not using this history to anticipate future amounts, PHA will use the family's estimate of future earnings.
- If a new employee has not yet received any bonuses or commissions, the PHA will count only the amount estimated by the employer.

4. **Sporadic work** - if an individual receives income that is not received periodically and cannot be reliably predicted or verified, the income would be considered sporadic income and would not be counted. EXAMPLE: an individual works occasionally as a handyman; if future work cannot be anticipated and no historic, stable pattern exists, then the income would be considered as sporadic.

5. **Regular Contributions and Gifts** - PHA will count as income any REGULAR gifts and/or services provided to the family from an outside source. For contributions that may vary from month to month, the PH will include an average amount based upon past history.

EXAMPLE

A divorced woman and her three children do not receive child support from her ex-husband, but each month he brings the family groceries, clothing or money. On average, he provides \$100 each month in goods or cash. The \$100 value per month is included in the family's annual income.

6. **Business Net Income**

- the PHA will use IRS Publication 535 for determining allowable business expense to be deducted from business income to arrive at a net figure.
- expenditures for business expansion or amortization of capital indebtedness will not be used as deductions in determining net income. *Business expansion* is defined as any capital expenditure made to add new business activities, to expand current facilities, or to operate the business in additional locations. *Capital indebtedness* is defined as the principal portion of the payment on a capital asset such as land, buildings, and machinery - interest can be counted as a business expense, but not the principal payment.
- Allowance for depreciation of assets used in business or profession may be deducted, based on straight-line depreciation, as provided in IRS regulations, in the figuring of net business income.
- Withdrawal of cash or assets from a business is counted as income EXCEPT when the withdrawal is used for reimbursement of amounts already put into the business by a family member.

EXAMPLE

If a member of an family provided an up-front loan of \$2000 to help a business get started, the PHA will not count as income any withdrawals from the business up to the amount of this loan until the loan has been repaid.

- If a business is co-owned with someone outside the family, the family must document the share of the business it owns. If the family's share of the income is lower than its share of ownership, the family must document the reasons for the difference.

- If the net income from a business is negative, no business income will be included in annual income; a negative amount will NOT be used to offset other family income.

**7. Imputed Welfare income**

- If the family's TANF grant is reduced as the result of fraud, failure to participate in an economic self-sufficiency program or failure to comply with a work requirement, the amount by which the grant has been reduced is counted as "imputed welfare income." This imputed income is included in family income.
- Before determining annual income when there has been a reduction, the PHA must receive written verification from HHS that the benefit reduction was caused by noncompliance or fraud, before denying a family's request for a re-examination of income and rent reduction.
- If the reduction in TANF is due to the lifetime limit expiring or a situation where the family has complied with the program requirements but cannot obtain employment, the actual reduction will be taken into account in figuring income.
- The amount of imputed welfare income is offset by income from other sources that starts after the sanction is imposed. If the family has found employment in the time between the sanction and the income certification, the new employment income would be subtracted from the imputed welfare income. If the new employment income is greater than the imputed welfare income, the imputed welfare income amount would no longer be included in annual income.

**EXAMPLE**

Family grant was	\$3600
grant was reduced by	\$3600
the "imputed welfare income" is	\$3600

When family comes in for re-examination its other annual income from before the sanction is	\$2000
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Family's total annual income is (the "imputed welfare income" plus all other income	\$5600
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At its next re-examination, the family reports income



from a new part-time job in the amount of (family's other income is unchanged)		\$2000
	\$3600	
The new income is subtracted	<u>\$2000</u>	
from the "imputed welfare income	\$1600	
		\$1600
The amount remaining is added		<u>\$2000</u>
to the other annual income		\$3600
Total annual income is now		

**8. Lump sum payments counted as income**

- lump sum payments caused by delays in processing periodic payments for unemployment or other kind of benefit (except Social Security and SSI) are counted as income.
- any portion of the lump sum that is payment for a period prior to the family's participation in the housing program will be counted as an asset instead of annual income.

9. If the family's gross income is being garnished for any reason (e.g., child support, IRS), the full amount of the income is still counted.

**Income from Assets**

1. After value of assets has been determined, actual income from assets will be calculated
  - When the value of family assets totals \$5,000 or less, the actual income from all assets will be used in the calculation of total annual income
  - When the value of family assets is greater than \$5,000, the greater of the following will be used in calculation of total annual income
    - Actual income from assets; or
    - Imputed income - A percentage of the value of such assets based upon the current passbook savings rate as established according to PIH 2012-29 (PHAs may establish a passbook rate within 75 basis points (plus or minus .75 percent) of the Savings National Rate in effect at the time the PHA establishes the passbook rate. The passbook rate may not be less than 0 percent. The Savings National Rate is a simple average of rates by United States (US) depository institutions as calculated by the Federal Deposit Insurance Corporation (FDIC). The

FDIC publishes this rate on a weekly basis. The PHA can access historical and current Savings National Rates at the following website: [www.fdic.gov/regulations/resources/rates/](http://www.fdic.gov/regulations/resources/rates/).

## **2. Bank Accounts**

- In determining anticipated income from an interest-bearing checking or savings account, the PHA will multiply the value of the account by the current rate of interest paid on the account.
- If a checking account does not bear interest, the anticipated income from the account is zero.

## **3. Investment Accounts** (stocks, bonds, saving certificates, money market funds)

- Interest or dividends earned by investment accounts are counted as actual income from assets even when the earnings are reinvested.
- When actual interest rate is known, anticipated income will be calculated by multiplying the rate by market value of the account.
- When interest rate is not known (e.g., stocks), the PHA will calculate income based on the earnings for the most recent reporting period.

## **4. Property**

- If the asset is a property for which the family receives rental income, the anticipated income is determined by annualizing the actual monthly rental amount received for the property.
- If the property generates no income, actual anticipated income from assets will be zero.
- In the case of a mortgage or deed of trust held by a family member, the outstanding balance (unpaid principal) is the cash value of the asset and only the interest portion of payments made to the family is counted as anticipated asset income.

## **5. Cash withdrawal or liquidation of investments**

Any withdrawal of cash or assets from an investment will be included in income except to the extent the withdrawal reimburses amounts invested by the family.

EXAMPLE

When a family member retires, the amount received by the family from a retirement plan is not counted as income until the family has received payments equal to the amount the family member deposited into the retirement fund.

## **6. Disposed of Assets**

- When the two-year period for "assets disposed of for less than fair market value" has expired, the income assigned to the disposed asset also expires.
- If the two-year period ends between annual re-certifications, the family may request an interim recertification to eliminate consideration of the asset.

## **7. Trusts**

- Revocable Trust - Any income earned as a result of investment of trust funds is counted as actual asset income, whether the income is paid to the family or deposited in the trust.
- Non-revocable Trust - An income distributed to the family from such a trust is counted as a periodic payment or a lump-sum receipt, which is counted as income.

## **8. Personal Property**

- Generally personal property held as an investment generates no income until it is disposed of.
- If regular income is generated (e.g., income from renting the personal property) the amount that is expected to be earned in the coming year is counted as actual income from the asset.

## **Earned Income Disallowance**

### **1. General**

- The Earned Income Disallowance (EID) is applicable **ONLY TO EXISTING RESIDENTS** and determined at re-examination
- At first and subsequent re-examinations, PHA will fill out an Earned Income Disallowance Eligibility form for each adult family member

### **2. Eligibility**

To qualify, family member must be an **EXISTING** resident who has experienced

an increase in earnings as a result of new employment or increased earnings in existing employment and must fit one of the following criteria:

- During the past 12 months, was unemployed
- During the past 12 months, earned less than minimum wage x 10 hours/week x 50 (\$2575)
- Within the past six months, received any amount of cash assistance or cash benefits under any state program for TANF or Welfare to Work; this refers to the monthly maintenance program.
- Within the past six months, received any non-maintenance type of assistance (one-time payments, wage subsidies, child care or transportation assistance, etc) from TANF or Welfare to Work worth at least \$500
- increase in income is due to participation in an economic self-sufficiency or other job training program

### 3. **EID Defined**

- The amount of Earned Income Disallowance is the amount of increase in income DUE TO EMPLOYMENT over the prior or BASELINE income.
- The BASELINE Income of the family member is the income the individual had just prior to employment or increase in employment income.
- Employment income includes all income **attributable** to employment. This would include welfare payments that continue after employment because they would be considered to be attributable to the employment.
- If the family member had sporadic income throughout the year prior to the Disallowance Phase, the PHA MAY use an average of the monthly income for the previous 12 months to arrive at the BASELINE amount.
- **The BASELINE income remains the same throughout 48-month lifetime of the disallowance**

### 3. **Disallowance Phase**

- There is a 24-month lifetime limit on the disallowance.
  - For 12 cumulative months, the eligible person is entitled to have 100% of the disallowance amount deducted from their income

amount before rent is calculated

- For 12 more cumulative months, they are entitled to have 50% of the disallowance deducted from their income amount before rent is calculated.
  - A tenant who is eligible for EID has a lifetime limit of 24 months. If they come from another PHA before their time is up, it is up to them to tell the PHA that they were receiving the benefit. The PHA will verify that the tenant was in the middle of their phase.
- When the phase is started
    - The EID period begins on the first month following the effective date of employment
    - When income change is not reported upon employment, date disallowance takes effect is the date the new rent should have taken effect.
    - If an individual qualifies for EID but the EID calculation results in a negative or "0" disallowance amount, compare actual total income to the total income calculated on the EID worksheet and base rent on the lesser amount.
      - If the total income calculated on the EID worksheet is lower, set up the EID 24-month tracking calendar for the individual and start the first 12 month disallowance period.
      - If the actual total income is the lower figure, begin the 24-month calendar but do not start the 12 month EID phase yet; if, in the future the earned income increases enough to produce a benefit to the individual, start the EID 12 month phase at that time.

#### **4. EID and Flat Rent (Public Housing)**

- If during the EID phase the family elects to pay Flat Rent instead of income-based rent, the 24-month clock continues.
- If a family is paying Flat Rent at the time an EID-qualifying event occurs, the family cannot opt for the income-based rent unless the "event" occurs coincidentally with their annual re-examination and annual choice of rent. If they later choose to go on income-based rent, they would have to have another "qualifying event" in order to receive the EID.

5. **Forms** - For families for which EID is applicable, the following forms will be used to determine and track the EID eligibility (*unless PHA decides to use a software program designed to track EID*)
  - Income History
  - Earned Income Disallowance (Calculation Sheet) 100%
  - Earned Income Disallowance (Calculation Sheet) 50%
  - Calendar
  - Income Disregard Tracking Form
6. Setting up the calendar
  - A. enter effective date, which is the date the initial disallowance begins, on the top line
  - B. enter the Year on each calendar year segment
  - C. enter the end date, which is the 24th month after the effective date on the top of the appropriate calendar segment
  - D. place a "1" in the box corresponding to the month the disallowance begins in the "Start EID" row
  - E. enter a "24" in the box corresponding to the month the allowance ends in the "Stop EID" row
  - F. if employment continues, enter consecutive numbers in the boxes in the "Start EID" row
  - G. if there is a break in employment, enter an "x" in the boxes in the "Stop EID" row, until employment resumes. Then continue the consecutive numbers in the "Start EID" row.
  - H. in the row marked "Percentage" enter the applicable amount under each month that the disallowance is in effect
7. Key to Remember: if a scenario arises that has not been addressed in training or in written guidance, PHA will keep in mind that the whole intent of the EID is to help the family

*Bastrop Housing Authority does not discriminate against persons on the basis of disability status in the admission or access to, or treatment or employment in, its federally assisted programs and activities.*