Chapter 9

DETERMINATION OF FAMILIY INCOME

To determine annual income, IHFA counts the income of all family members, excluding the types and sources of income that are specifically excluded by HUD regulations. Once the annual income is determined, IHFA subtracts all allowable deductions (allowances) as the next step in determining the Total Tenant Payment.

9.1 INCOME

A. Annual income means all amounts, monetary or not, that;

   1. Go to (or on behalf of) the family head or spouse (even if temporarily absent) or to any other family member, or

   2. Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and

   3. Are not specifically excluded from annual income.

   If it is not feasible to anticipate the level of income over a 12-month period (e.g., seasonal or cyclic income), or IHFA believes that past income is the best available indicator of expected future income, IHFA may annualize the income anticipated for a shorter period, subject to a redetermination at the end of the shorter period.

B. Annual income includes, but is not limited to:

   1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.

   2. The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness are not used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession is included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.

   3. Interest, dividends and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness are not used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line

depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from an investment is included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of $5,000, annual income includes the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD. (See section 9.2)

4. The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount. (However, deferred periodic amounts from supplemental security income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts are excluded)

5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay. (However, lump sum additions such as insurance payments from worker's compensation are excluded.)

6. Welfare assistance.

   a. Welfare amounts paid to the family. Idaho does not utilize Welfare Rent, so regulations regarding the consideration for welfare rent do not apply.

   b. Imputed Welfare Income

      i. A family's annual income includes the amount of imputed welfare income (because of a specified welfare benefits reduction, as specified in notice to IHFA by the welfare agency), plus the total amount of other annual income.

      ii. At the request of IHFA, the welfare agency will inform IHFA in writing of the amount and term of any specified welfare benefit reduction for a family member, and the reason for such reduction, and will also inform IHFA of any subsequent changes in the term or amount of such specified welfare benefit reduction. IHFA will use this information to determine the amount of imputed welfare income for a family.

      iii. A family's annual income includes imputed welfare income, as determined at an interim or regular reexamination of family income and composition, during the term of the welfare benefits reduction (as specified in information provided to IHFA by the welfare agency.

iv. The amount of the imputed welfare income is offset by the amount of additional income a family receives that commences after the time the sanction was imposed. When such additional income from other sources is at least equal to the imputed welfare income, the imputed welfare income is reduced to zero.

v. IHFA will not include imputed welfare income in annual income if the family was not an assisted resident at the time of the sanction

vi. If a participant is not satisfied that IHFA has calculated the amount of imputed welfare income in accordance with HUD requirements, and if IHFA denies the family's request to modify such amount, then IHFA shall give the participant written notice of such denial, with a brief explanation of the basis for IHFA's determination of the amount of imputed income. IHFA's notice shall also state that if the participant does not agree with the determination, the participant may contest the decision in accordance with the Informal Hearing policy.

c. Relations with Welfare Agencies.

i. IHFA will ask welfare agencies to inform it of any specified welfare benefits reduction for a family member, the reason for such reduction, and any subsequent welfare agency determination affecting the amount or term of a specified welfare benefits reduction. If the welfare agency determines a specified welfare benefits reduction for a family member, and gives IHFA written notice of such reduction, the family's annual income shall include the imputed welfare income because of the specified welfare benefits reduction.

ii. IHFA is responsible for determining the amount of imputed welfare income that is included in the family's annual income as a result of a specified welfare benefits reduction as determined by the welfare agency, and specified in the notice by the welfare agency to the agency. However, IHFA is not responsible for determining whether a reduction of welfare benefits by the welfare agency was correctly determined by the welfare agency in accordance with welfare program requirements and procedures, or for providing the opportunity for review or hearing on such welfare agency determinations.

iii. Such welfare agency determinations are the responsibility of the welfare agency, and the family may seek appeal of such determinations through the welfare agency's normal due process procedures. IHFA shall rely on the welfare agency notice to IHFA of the welfare agency's determination of specified welfare benefit reduction.

7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.

   a. Lump sum payments received prior to assistance that are not anticipated to recur, will not be considered when determining anticipated income. (Repayment of amounts accumulated pre-program that can be anticipated to continue will be counted as anticipated income (e.g. back child support).)

   b. When less than the court ordered amount of child or spousal support is being received, 3rd party verification from Child Support Enforcement will be documented. If verification from CSE is not available, the applicant or participant will be required to submit evidence to support the claim and allow IHFA to verify via third party with the absent parent. A self certification may be required. (Refer to verification requirements)

8. All regular pay, special pay, and allowances of a member of the Armed Forces. (Special pay to a member exposed to hostile fire is excluded.)

9. 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 an institution of higher education, shall be considered income to that individual, except for a person over the age of 23 with dependent children, or if the student is a member of their parent's subsidized household and considered a dependent in that household. The definition of "financial assistance" does not include loan proceeds.

9.2 ASSETS

Checking and Savings Accounts: The interest earned on a savings account will be based on the current balance in the account and checking accounts will be based on a three month average balance. When combined assets total less than $5,000, the current balance on all accounts will be used, and the redetermination form will serve as self-certification.

Determining Market and Cash Value: Some assets require determining market value and cash value. When combined assets equal $5,000 or more, the greater of actual or imputed income is used in calculating annual income. Cash value will be used to determine if combined assets equal $5000 or more. When considering these types of assets, IHFA will consider market value to be the current balance of the asset. Cash value will be the market value minus any fees or penalties (including tax penalties, but not income tax) that might be assessed if the applicant/participant were to withdraw funds. Interest will be calculated based on the **market** value of the asset. These types of assets include but are not limited to: Annuities, CD's, Stocks, Bonds, Mutual Funds, Investment Accounts, Insurance policies, Employer retirement and pension plans, Individual Retirement plans, and Trusts. Families are not required to convert any assets to cash. When the combined market value of assets is clearly $5,000 or less, IHFA will not verify or calculate the cash value for purposes of imputed income, and the redetermination form will serve as self-certification.

In the case of real estate, IHFA will consider the market value to be the appraised value of the property. The cash value is the market value minus the balance of any mortgage and reasonable and customary costs associated with the sale of the property.

Accessibility: If an asset is owned by more than one person and any family member has access to the asset, IHFA will count the full value of the asset. IHFA will consider even restricted access to an asset as having access, and the full value of the asset will be counted. In the case of a trustee account, if a participant has direct access to the account or the account is used to pay living expenses or bills, IHFA will consider the account to be accessible and will count the full value of the asset.

Assets Disposed of for Less than Fair Market Value: IHFA 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 $1000. Assets disposed of for less than fair market value that exceed $1000 will be counted for a period of two years from that date of disposition. At the conclusion of that two year time period, the income assigned to the disposed assets also expires. If the two year period ends between annual recertifications, the family may request an interim recertification to eliminate consideration of the assets. Assets disposed of in a foreclosure or bankruptcy, or due to a separation or divorce settlement are not considered assets disposed of for less than fair market value.

Personal Property: IHFA does not consider necessary personal property as an asset. Necessary personal property consists of only those items not held as an investment, and may include clothing, furniture, household furnishings, jewelry, and vehicles, including those specially equipped for persons with disabilities.

9.3 EXCLUSIONS FROM INCOME

Annual income does not include the following:

A. Income from employment of children (including foster children) under the age of 18 years;

B. Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the participant family, who are unable to live alone);

C. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;

D. Amounts received by the family which are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

E. Income of a live-in aid;

F. The full amount of student financial assistance paid directly to the student, over the age of 23 with dependent children. Student loans, regardless of age or family composition;

G. The special pay to a family member serving in the Arms Forces who is exposed to hostile fire;

H. The amounts received from the following programs:

   1. Amounts received under training programs funded by HUD:

   2. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS)

   3. 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.) and that are made solely to allow participation in a specific program;

   4. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed $200 per month) received by a resident for performing a service for IHFA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiative coordination. No resident may receive more than one such stipend during the same period of time.

   5. Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member 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 the period during which the family member participates in the employment training program;

      A qualified program would be one that incorporated a learning process with goals and objectives, generally having a variety of components and taking place in a series of sessions over a period of time. It is designed to lead to a higher level of proficiency and it enhances the individual's ability to obtain employment. It may have performance standards to measure proficiency.

Training may include, but is not limited to: classroom training in a specific occupational skill, on-the-job training with wages subsidized by the program or basic education.

I. Temporary, nonrecurring, or sporadic income (including gifts); sporadic income is income that is neither reliable, periodic, nor predictable.

J. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

K. Earnings in excess of $480 for each full-time-student 18 years or older (excluding the head of household and spouse);

L. Adoption assistance payments in excess of $480 per adopted child;

M. Deferred periodic amounts from Supplemental Security income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts;

N. 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;

O. Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

P. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits.

These exclusions include:

1. The value of the allotment of food stamps;

2. Payments to volunteers under the Domestic Volunteer Services Act of 1973;

3. Certain payments received under the Alaska Native Claims Settlement Act;

4. Income from certain sub marginal land of the U.S. that is held in trust for certain Indian tribes;

5. Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;

6. Income from the disposition of funds of the Grand River Band of Ottawa Indians;

7. The first $2000, per capita shares, received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first $2000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands;

8. Amount of scholarships awarded under Title IV including Work-Study or under the Bureau of Indian Affairs student assistance program;

9. Payments received under the Older Americans Act of 1985 Title V;

10. Payments received from the Agent Orange Settlement Fund, or any other fund established pursuant to the settlement in *In Re Agent Orange Liability Litigation*, M.D.L. No 381;

11. Payments received under the Maine Indian Claims Settlement Act;

12. The value of childcare under the Child Care and Development Block Grant Act of 1990;

13. Earned income tax credit refund payments;

14. Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;

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

16. Any amount of crime victim compensation under the Victims of Crime Act.

17. Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998.

18. 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);

19. Payments, funds, or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 (25 U.S.C. 1774f(b));

20. Payments from any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts;

21. 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;

22. 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.*;

23. Major disaster and emergency assistance received by individuals and families under the Robert T. Stafford Disaster Relief and Emergency Assistance Act., or comparable disaster assistance provided by States, local governments, and disaster assistance organizations

Q. Earned Income Disallowance for persons with disabilities:

1. A qualified family is one whose income increases as a result of employment of a family member who is a person with disabilities and who was previously unemployed for one or more years prior to employment or who has earned, in the twelve months previous to employment, no more than would be received for ten (10) hours of work per week for fifty weeks at the established minimum wage, or whose annual income increases as a result of increased earnings by a disabled family member's participation in any economic self-sufficiency or other job training program; (Also see 12.5C)

2. Or new employment or increased earnings of a disabled family member during or within six (6) months after receiving assistance, benefits or services under any state program for temporary assistance (TANF, Welfare-to Work).

3. During the first twelve (12) month period after the disabled family member is employed, the income of the disabled family member will be excluded from the family's total income.

4. During the second twelve (12) month exclusion fifty percent (50%) of the disabled family member's income will be excluded from the family's total income.

5. The disallowance of increased income of a family member who is a person with disabilities is limited to a lifetime 48-month period.

See (24 CFR 5.617) for complete description.

9.4 DEDUCTIONS FROM ANNUAL INCOME

The following deductions will be made from annual income:

A. $480 for each dependent

A dependent is a member of the family (except foster children and foster adults) other than the family head or co-head, who is under 18 years of age, or is a person with a disability, or is a full-time student. Full-time students who are away attending college and no longer in the unit more that 50% of the time, regardless of whether they are home for the summer and vacations, will not be considered a member of the family and the dependent allowance will not be given.

B. $400 for any elderly family or disabled family

C. The sum of the following, to the extent the sum exceeds three percent (3%) of annual income:

1. Unreimbursed medical expenses of any elderly family or disabled family; the calculation of medical expenses will be determined by using the lower of the monthly payment x 12 months or the current balance (if the participant has made any payments toward the amounts owing and can reasonably be expected to continue payments, whether or not monthly in nature) plus the anticipated medical expenses. See Section 10.2 for methods used for verification of allowable medical expenses.

   Costs associated with the care of an assistance animal determined necessary by a qualified professional. This includes food, litter, veterinary costs, etc.

   For all recipients enrolled in the Medicare Prescription Drug Plan (MPDP), allow as an exclusion/deduction, to income, the following items:

   a. Any low-income subsidy received (excluded)

   b. Any premiums paid for being enrolled in the plan (initial and ongoing) (allowable medical deduction)

   c. All out of pocket prescription drug costs (allowable medical deduction)

   Enrollment in the MPDP can be verified by viewing the card issued by the plan provider that has the approved Medicare Rx logo.

2. Unreimbursed reasonable attendant care and auxiliary apparatus expenses for each member of the family who is a person with disabilities, to the extent necessary to enable any member of the family (including the member who is a person with disabilities) to be employed, but this allowance may not exceed the earned income received by family members who are 18 years of age or older who are able to work because of such attendant care or auxiliary apparatus. Such expenses may be deducted if they are neither paid to a member of the family nor reimbursed by an outside source. Auxiliary apparatus are items such as wheelchairs, ramps, adaptations to vehicles,

special equipment to enable a blind person to read or type, etc. if directly related to permitting the person with a disability or other family member to work.

D. Child care expenses. 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 family must identify the family member(s) enabled to pursue the eligible activity. 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. Only one family member's income may be considered for a given period of time. When more than one family member works during the given period, IHFA will generally limit the allowable child care 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. When child care is needed for both being gainfully employed and to further education, IHFA will review the family member's school schedule to determine how expenses will be split and what costs are appropriate.

   Verification of child care expenses for participants actively seeking employment will require the participant to furnish one of the following:

   1. Written or oral third party verification from a local or state government agency that governs work-related activities such as the state unemployment office, state work related training programs, etc., or

   2. In the event third party verification is not available, IHFA may rely on participant provided documentation showing the name, address and telephone number of businesses/persons contacted regarding possible employment.

Reasonable Costs

For school age children, costs attributed to public or private school activities during standard school hours are not considered. Expenses incurred for supervised activities after school or during holidays are allowable forms of child care.

The costs of general housekeeping and personal services are not eligible. Likewise, child care 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.

Child care expenses will be considered for the time required for the eligible activity plus reasonable transportation time. IHFA will use the general limit of 1 half hour of travel time unless the family member can demonstrate other time frames for reasonable employment.

To establish reasonableness of child care costs, each branch office will annually obtain the schedule of child care costs from local welfare agencies as well as make contact with five (5) child care establishments to determine a reasonable spread for costs and flat fees.

9.5 COOPERATING WITH WELFARE AGENCIES

IHFA will make its best efforts to enter into cooperation agreements with local welfare agencies under which the welfare agencies agree:

A. To target assistance, benefits and services to families receiving assistance in the public housing and Section 8 HCV programs to achieve self-sufficiency.

B. To provide written verification to IHFA concerning welfare benefits for families applying for or receiving assistance in our housing assistance programs.

NOTES