

TENANT BASED RENTAL ASSISTANCE PROGRAM

Income - Assets, Allowances, Expenses, Verifications & Calculations

Income Excludes

The following items should be excluded from annual income:

Adoption Assistance Payments *in excess* of \$480 per adopted child. Include only the first \$480 received per year as annual income.

Census Takers Earned Income - Terms of employment cannot exceed 180 days.

Dependent Income - Exclude all earned income of dependent family members under age 18. See item "d." below (*Earned Income Disregard*) for details on when to disregard adult dependent (disabled individual's) income.

Earned Income Disregard (EID) For Persons with Disabilities (CFR 5.617) - Effective April 20, 2001, HUD implemented a policy that disregards or provides a disallowance of increases in earned income for family members with disabilities.

This disregard only applies to the family members with disabilities who have an increase in earned income after their initial participation date, not the entire household. A disabled family is a family whose head, spouse or sole member is a person with disabilities.

If the family member's disability is not verified by current receipt of SSI or a permanent Verification of Disability and/or Special Medical Needs (TBRA #16), the disability must be re-verified annually.

Earned Income Disregard (EID) Eligibility Requirements

To qualify for the Earned Income Disregard (EID) a TBRA family must be a program participant and must be currently receiving assistance under the program.

In addition, a family must experience an increase in annual income that is the result of one of the following three events:

- 1) *Annual 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. "Previously unemployed" includes a person with disabilities who has earned, in the twelve months previous to employment, no more than would be received in 10 hours of work per week for 50 weeks at the established*

minimum wage. The established minimum wage means the federal minimum wage unless there is a higher state or local minimum wage. i.e., $\$5.15 \times 10 \times 50 = \$2,575$.

- 2) *Increased earnings by a family member who is a person with disabilities and whose earnings increased “during” participation in an economic self-sufficiency program or other job-training program.*

A qualifying training or economic self-sufficiency program is defined as follows:

Any program designed to encourage, assist, train, or facilitate the economic independence of HUD assisted families or to provide work for such families. These programs include programs for job training, employment counseling, work placement, basic skills training, education, English proficiency, financial or household management, apprenticeship and any program necessary to ready a participant for work (including substance abuse or mental health treatment program,) or other work activities.

- 3) *New employment or increased earnings by a family member who is a person with disabilities and who has received TANF benefits or services during or within the past six months.*

Verifications, Calculations and Reporting Unique to Earned Income Disregard

At annual recertification, move or interim, any increases in income of family members who “are not eligible” for the EID will be considered in determining the family’s rent.

The EID is effective when the rent increase would otherwise have gone into effect regardless of whether interim reporting is required, or the tenant fails to report timely changes in income. Generally, the family’s portion of rent payments will stay the same (rather than increasing due to an increase in earnings), so the tenant still receives the benefit of the full-earned income disregard.

If an increase occurred January 1st, but was not reported/processed until their May Recertification, the 100% disregard/50% disregard would become effective January 1st even though the recertification date is May 1st. Effective dates for EID may not coincide with effective dates for annual recertification, move or interim. Interim re-examination changes are required when applicable. An Interim Re-examination is required.

Verification of earnings is required even if the income will be disregarded. Write ‘disability disregard’ in the TBRA Administrator-Use box of the Verification of Earnings (TBRA #8) or other third party verification form.

The beginning and ending dates of employment must be properly documented and verified to tickler properly. If the person with disabilities has earned income from more than one source, add them together to determine eligibility. Use the date of the earliest reported increase for tickler date to determine when an Interim change is needed.

During the initial 12-month exclusion period, calculate the amount of the disregarded income by comparing the total amount of the disabled family member's income before any new or increased earnings (pre-qualifying income) to the total amount of the disabled family member's income after new employment or an increase in earnings. Disregard the difference between the amounts.

During the second 12-month exclusion and phase in period, calculate the amount of the disregarded income by comparing the total amount of the disabled family member's income before any disregards (pre-qualifying income) to the disabled family member's current income. Disregard 50% of the difference.

The TBRA Administrator must establish a tickler system to request updated income verifications at least 90 days prior to the end of the 12-month (100% disregard), 24-month (50% disregard) and/or the 48-month (lifetime disregard) periods.

Tracking of the Earned Income Disregard (EID) must be documented with every transaction submitted up until the disabled member meets their lifetime limit of one year at 100% disregard and one year at 50% disregard, not to exceed 48 months from the initial exclusion.

NOTE: Earned income disregards for persons with disabilities will be different in every case. These must be calculated on an individual case basis.

Initial Twelve-Month 100% Disregard

Disregard 100% of *new or increased earnings* by a person with disabilities for a cumulative 12-month period. The months do not have to be consecutive.

The exclusion begins on the date the disabled family member becomes employed or first experiences an increase in income due to employment.

Second Twelve-Month at 50% Disregard

After the family has been allowed 100% disregard for 12 cumulative months, begin disregarding 50% of the increase in income attributable to employment or increased earnings for another 12 cumulative months. The months do not have to be consecutive.

Maximum Four-Year Disregard (Lifetime)

The Earned Income Disregard (EID) cannot exceed four-years (48-months) from the beginning of the disregard period. If the increased earnings do not last for 12 consecutive months, the disregard period will stop and then resume at any time within the four-year (48-months) period when the disabled member experiences an increase in income attributable to employment or increased earnings. Each TBRA disabled family member can only receive a total of 12 months of 100% disregard and 12 months of 50% disregard. No disregard can be given after the four-year (48-months) lifetime maximum exclusion regardless of whether the disabled family member received the full four-year (48-months) lifetime maximum exclusion.

Educational Assistance

Wages and other earned income in excess of \$480 for full-time students who are 18 years or older (except the head of household, spouse or co-head). Include the first \$480 as income.

The full amount of financial aid and scholarships funded under Title IV of the Higher Education Act of 1965, Federal Work Study programs, Bureau of Indian Affairs Student Assistance, Education entitlements, Grants, and all other amounts received for student financial assistance *IF the full or part-time student is living in an assisted household with his or her parent(s) and the parent(s) are the head of household.*

Student loans and loan proceeds.

Foster Children and Foster Adult(s) Care Payments - Foster adults are usually unrelated individuals with disabilities who are unable to live alone. Payments received for the care of foster children and foster adults are not considered income.

Holocaust Reparations - Payments made by a foreign government to persons who were persecuted during the Nazi era.

Home Care Payments - Amounts paid by a State agency (i.e. Michigan's Family Support Subsidy Program) to families who have a developmentally disabled family member(s), adult or child, living at home. Possible uses of the subsidy include, but are not limited to:

Family counseling

Home remodeling and purchase of special equipment to accommodate the needs of the impaired child or adult (ramps, wider doors, shower chair, etc)

In-home specialized care

Respite (baby-sitting) care

Special diets

Unique transportation costs

Income specifically excluded by Federal statute. Examples include, but are not limited to:

- 1) *Agent Orange Settlements* - Payments received after January 1, 1989 from the Agent Orange Settlement Fund or any other fund established in the "In Re Agent Orange" product liability litigation.
- 2) *Child Care and Development Block Grant Act of 1990* - the value of any child care provided or arranged (or reimbursement for costs incurred) under this Act.
- 3) *Crime Victim Compensation* - Any amount of compensation under the Victim of Crime Act.
- 4) *Domestic Volunteer Services Act of 1973* - Payments under this Act include:
 - VISTA - Volunteers in Service to America
 - RSVP - Retired Senior Volunteer Program
 - Foster Grandparents
 - Senior Companions Programs
- 5) *Earned Income Tax Credit* - The Internal Revenue Service (IRS) provides the Earned Income Tax Credit to low-income workers with children. Low-income workers must apply for the credit and will receive it in advance, in their regular paycheck, or in a single lump sum when filing their income tax return.
- 6) *Food Stamps* – Exclude the value of the allotment provided to an eligible household under the Food Stamp Act of 1977.
- 7) *Heating Assistance* - Payments or allowances made under the Department of Health and Human Services Low-Income Home Energy Assistance Program.
- 8) *Indian Settlements/Trusts*:
 - Payments received under the Maine Indian Claims Settlement Act of 1980.
 - Payments received under the Alaska Native Claim Settlement Act.
 - Income derived from certain sub marginal land of the US held in trust for particular Indian Tribes.
 - Income derived from the disposition of funds of the Grand River Band of Ottawa Indians.

The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the US Claims Court, 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.

- 9) *Title IV of the Higher Education Act of 1965* – Scholarships funded under Title IV (including awards under the Federal Work Study Program or the Bureau of Indian Affairs Student Assistance) made available to cover the cost of tuition, books, equipment, supplies, transportation and miscellaneous personal expenses of a student at the financial institution are excluded *IF the assisted household includes the parent(s) as head of household.*

- 10) *Title V of the Older American's Act of 1965:* Payments received from programs funded under Title V, including the Senior Community Service in Employment Program (SCSEP) funded through the Department of Labor. The program provides grants to organizations who fund part-time employment of persons 55 years of age or older with limited income. Examples include, but are not limited to:
 - Green Thumb
 - AARP - American Association of Retired Persons
 - NCOA - National Council on Aging
 - National Council of Senior Citizens (a.k.a. Senior Aides)
 - US Forest Services
 - NCBA - National Caucus for Black Aged
 - Urban League
 - National Association for the Spanish Elderly

- 11) *Spina Bifida* – Any allowance paid under the provision of 38 U.S.C. 1805 to a child suffering from Spina Bifida who is the child of a Vietnam veteran.

Live-in Chore Provider's Income - The provider is not considered a member of the household and only resides in the unit to provide services.

Lump Sum Additions to Family Assets – If the payment is expected to be received on a regular ongoing basis, it is not a 'lump sum' and therefore is counted as income. All types of lump sum additions excluded from annual income are included as an asset unless otherwise exempt by HUD.

Medical Reimbursements - Amounts received specifically for reimbursement of the cost of medical expenses for any family member.

Medicare Prescription Drug Benefit Subsidy – Exclude the low-income subsidy received by beneficiaries enrolled in the Medicare Prescription Drug Plan Part D effective January 1, 2006

Military Pay - The following income must be excluded:

Full amount of military pay of any family member (except head of household, co-head or spouse) who is permanently (more than 90 days) away from home in the military (including Coast Guard, National Guard, and Reserve Units) is excluded. Note: The member must be removed from the Lease.

Special Armed Forces Pay is payment received by a person serving in the Armed Forces who is exposed to hostile fire and is always excluded income.

Income of a guardian who is temporarily living in a unit solely for the purpose of caring for dependents that a military person leaves in the unit is not to be counted in determining family income and the amount of rent the family pays based on family income.

Other military pay specifically excluded by law.

Reimbursement from Other Publicly Assisted Programs- for related or out-of-pocket expenses are excluded when made solely to allow participation in the program. Examples include 1) child care, transportation and other work related expenses when a welfare recipient, as a condition of continued benefits, works in a nonprofit agency to acquire job skills; and 2) payments received by a volunteer fire fighter for transportation reimbursement.

Resident Service Stipend - Amounts received by a development resident for performing a service, on a part-time basis, which enhances the quality of life in the development, for the PHA, or the owner, subject to following:

Not to exceed \$200/month - If the resident is paid more than \$200/month, the following: entire stipend (including the \$200) is included as income. Such services may include, but are not limited to: fire patrol, hall monitoring, lawn maintenance, or resident Initiatives coordination.

Scholarships and Grants

State or Local Tax Credits, Refunds and Rebates

Includes rebates for property taxes paid on a dwelling unit, i.e. Homestead Property Tax Refund.

Income tax refund checks are not income, nor assets.

Social Security and SSI Lump Sum/Deferred Periodic Payments - Include lump sum payments as an asset, not income.

Temporary, Nonrecurring or Sporadic Income - Includes gifts and cash contributions received less than every three months and/or is less than \$1,200 a year.

Training Programs - HUD excludes earnings and benefits from employment training programs funded by HUD and incremental increases in income resulting from participation in a qualifying state or local employment-training program, including those not affiliated with a local government. Incremental refers to the increase between the total amount of earnings and public assistance of a family member prior to enrollment in the training program, and the earnings and public assistance of the family member after enrollment in the training program. The exclusion applies only for the period during which the family member participates in the employment-training program. All other amounts, increases and decreases, are treated in the usual manner in determining annual income.

HUD defines a “Training Program” as a program which:

- Has clearly defined goals and objectives,
- Has a variety of components,
- Takes place in a series of sessions over a period of time,
- Is designed to lead to a higher level of proficiency,
- Enhances the individual’s ability to obtain employment; and
- Has a performance standard 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,
- Basic education.

Visitor’s Income – Visitor’s income is not included if they have been in the unit less than 14 consecutive days, or for less than 30 total days in a 12 month period. If the visitor is a caretaker for children, in the absence of their guardian, the caretaker can remain in the unit as a visitor until a determination of custody is made.

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