

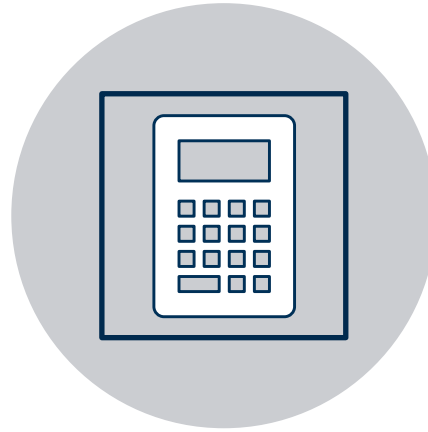
MONEY, MONEY, MONEY...THE CONFUSING WORLD OF CLIENT INCOME

Development Day April 2025

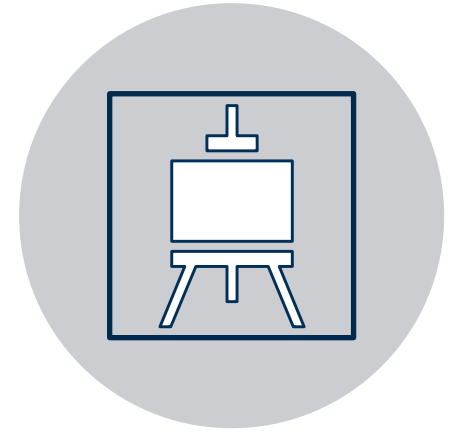
INCOME CALCULATION TRAINING OVERVIEW



WHY CALCULATE
CLIENT INCOME?



HOW IS INCOME CALCULATED?



PRACTICE!

WHEN IS INCOME INFORMATION REQUIRED TO BE REVIEWED AND CALCULATED?



Program enrollment



Change in income status



Annually for most programs. (Quarterly for ESG HP.)



Program exit

WHY MUST PARTNERS CALCULATE CLIENT INCOME?

- Verify client eligibility
- Calculate rental assistance contribution
- Support quality case management and connection to resources
- Other ideas?
 - Long-term stability
 - Program outcomes
 - Effective use of resources

WHAT ARE THE INCOME LIMITS FOR OUR HUD PROGRAMS?

Income is used to determine client portion of rent. Income must be recalculated if it changes.

HOPWA- 80% or less of Area Median Income (AMI)

ESG- For HP, 30% or less of AMI. For RRH, no income limit at intake but 30% or less of AMI at annual re-evaluation.

CoC- no income limit

Housing Choice Voucher- varies by jurisdiction

HOME (TBRA)- 60% of AMI

HUD-VA Supportive Housing- 80% of AMI

TANF- 200% of Federal Poverty Level

[HUD Income chart of IN 2024 \(30%, 50%, 80%\)](#) and [2025 Federal Poverty Level Guidelines](#)

HOW TO KNOW THE CLIENT CONTRIBUTION TO RENT?

For programs that operate as supportive housing, 30% of adjusted income (or 10% of gross) should be paid to rent and utilities (CoC and HOPWA)

For programs that operate as rapid rehousing, rental contribution adjusts over time as the client engages in the program (progressive engagement)

If client income increases, their rent contribution increases; if client income decreases, their rent contribution decreases

HOW TO CALCULATE INCOME

WHAT IS THE PROCESS TO CALCULATE INCOME?

Clients gather income source documents (i.e. pay stubs, SSI benefits letter, child support doc., etc...).

Program eligibility staff or case manager meet with client to calculate income and deductions.

If client is eligible for program, unit search and placement begins.

Case manager and client calculate cost of gross rent and client and subrecipient portions of rent.

Income must be recalculated if it changes and at the designated intervals below:

- CoC/HOPWA- at least once annually
- ESG- For ESG HP, at least every three months. For ESG RRH, at least annually.
- [IN BoS CoC's RRH Written Standards](#) (Page 13) have clearer guidance on changes impacting client contribution.

BEST RESOURCES FOR INCOME

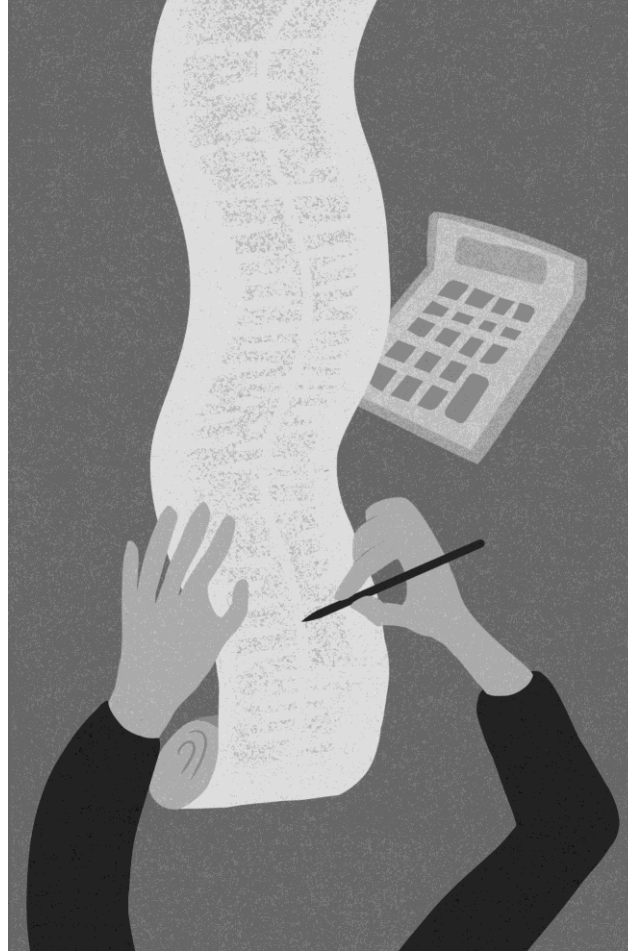
24 CFR 5.609

24 CFR 5.611

Things to remember:

- Documents are always verified.
- Case managers/staff should discuss this process with household, so they understand.
- Clients failing to provide documentation can be a cause for termination.
- Paying more than the allowable amount for a client will be a cause for repayment.

WHAT DOCUMENTS MIGHT CLIENTS PROVIDE AS PROOF OF INCOME?



WHAT IS THE BEST SOURCE OF DOCUMENTATION FOR INCOME OR ASSETS?



Third-party written- preferred

Internet/electronic sources should be verifiable as coming from a legitimate third party



Third-party oral- allowable



Client only- specific circumstances allowable

Should use supporting documentation- birth certificate, pay stubs
Can accept signed affidavit or notarized statement from family if all other sources have failed



Programs should never ask for more information than is required.



If documentation is contradictory, then it's the providers responsibility to continue research until the correct information is found.

INCOME IS...



ALL AMOUNTS RECEIVED



INCLUDES REGULAR, TEMPORARY,
AND ONE-TIME PAYMENTS

UNIQUE INCOME SITUATIONS

Temporarily absent
family members-
included if on the
lease

Deployed Active-Duty
Military- included
unless exposed to
hostile fire

Child support
payments received-
include

Regular Cash Gifts-
include

Adjustments for Prior
Overpayment of
Benefits- use the
reduced amount

UNIQUE SITUATIONS- NOT INCOME



DEFERRED LUMP SUM
PAYMENTS ON SOCIAL
SECURITY OR SSI BENEFIT
INCOME-
DO NOT INCLUDE



REGULAR NON-CASH
GIFT (EX: GROCERIES)-
DO NOT INCLUDE



WIC AND SNAP
BENEFITS- DO NOT
INCLUDE



EARNED INCOME TAX
CREDIT- DO NOT
INCLUDE

WHICH OF THE FOLLOWING WOULD NOT BE INCLUDED IN AN INCOME CALCULATION?

24 CFR 5.609 has a list of 28 income exclusions (28 items that should not be counted in client income).

Income from Door Dash

→ Student Financial Aid assistance received by a household member

Income from working seasonally at Amazon

Periodic retirement benefit payments from a retired persons pension

→ SNAP benefits

Receiving child support payments

Social security disability payment

→ Wages from 16-year-old dependent working at grocery store

Monthly Veteran's administration pension benefit

→ Payments for the care of a foster child

ASSETS

Q: How do assets figure into the income and rent calculation worksheet?

A:

- Readily determined income generated from the sale of or from the interest of assets **should** be included in the calculation.

*(Next slide will make clear what's meant by "readily determined".)

- The value of the asset itself **should not** be included in the calculation.
- Line 7 of the worksheet provides instructions on calculating the income from the sale or from the interest of an asset.
- If income from assets is not readily determined, see next slides for additional details...



**HOW MANY OF YOU HAVE WORKED WITH A CLIENT
WITH ASSETS WORTH MORE THAN \$5,000?**

If income from assets can be readily determined...

include income from assets in the calculation.

\$5,000 THRESHOLD

If assets total \$5,000 or less & no income from assets can be determined...

the income from the assets can be excluded from the income calculation.

24 CFR 5.609 (b)(1)

If assets exceed \$5,000 & no income from assets can be determined...

include the income from the assets. - 24 CFR 5.609(a)(2)

1. Multiply the total value of the assets by HUD's current passbook savings rate.
2. Include the product from #1 above on the income and rent calculation worksheet.

\$5,000 THRESHOLD

If assets exceed \$5,000 & no income from assets can be determined...

Include the income from the assets. – 24 CFR 5.609 (a)(2)

1. Multiply the total value of the assets by HUD's current passbook savings rate.
2. Include the product from #1 above on the income and rent calculation worksheet.

Example: Client has an asset worth \$7,000 and cannot readily determine its income.

1. $\$7,000 \times 0.45\% / 0.0045 = \31.50
2. $\$31.50$ will appear on Line 7 of the income and rent calculation worksheet.

UNIQUE ASSET SITUATIONS

Savings account: only interest earned appears in the income calc.

- If a person isn't the owner of the account, it's not their asset.

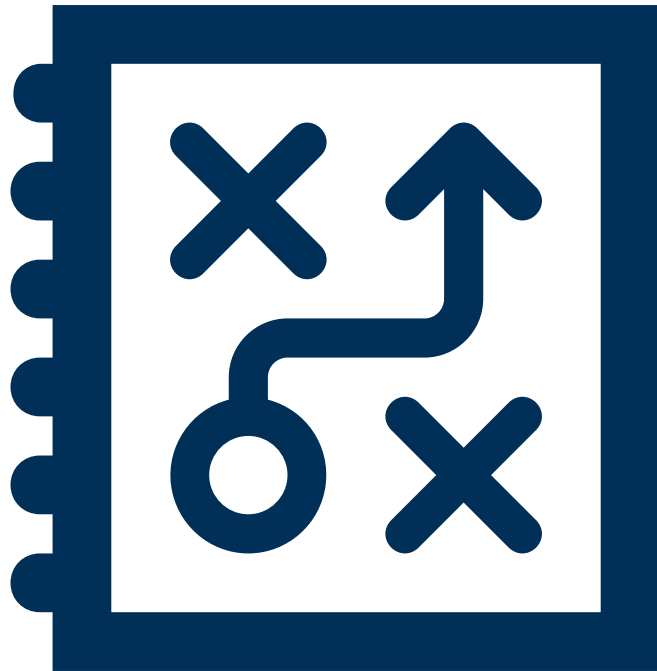
Jointly-owned assets: pro-rate

Cashing in a retirement account: include the cash-out value less the cost of liquidating it (penalties or fees, etc...)



DEDUCTIONS

WHAT INCOME DEDUCTIONS CAN BE CLAIMED TO CALCULATE ADJUSTED INCOME?



Dependents

Elderly/disabled family

Childcare

Disability assistance

Unreimbursed medical expenses

24 CFR 5.611

DEPENDENT DEDUCTION- \$480 EACH

Who is considered a dependent?

- Household members under age 18
- Persons with disabilities at any age
- Full-time students at any age

Who is not a dependent?

- Head of household cannot qualify
- Child who has not yet joined the family (foster, unborn, not yet in custody)
 - Joint custody- primary care, if both households are receiving assistance only one household can claim the child
- Live-in aide is not a dependent

DISABILITY OR ELDERLY FAMILY DEDUCTION- \$400 TOTAL



The diagram consists of three identical light gray rounded rectangular boxes arranged horizontally. Each box is outlined with a dark blue border and contains text in a dark blue sans-serif font. The boxes are slightly offset from each other, with the middle box shifted to the right and the right box shifted further to the right. Each box has a thin white line at the top, suggesting a tab or a connection to a header.

\$400 for the family

Disabled person or person 62+

HoH, Co-Head or Spouse Only

CHILD CARE DEDUCTION- VARIABLE \$

Children under age 13

Anticipated cost of expense when

- Care is necessary to enable family member to work, seek employment or further education (academic/vocational)
- The family has no adult family member who can care for the child(ren) during the hours care is needed (cannot pay family member in the unit and deduct)
- Expense isn't already reimbursed by an agency or other person
- Charges are reasonable
- Charges cannot exceed income earned at work, but there is no limit if the person is furthering education

DISABILITY ASSISTANCE DEDUCTION- VARIABLE \$

The disability assistance deduction:

- is for unreimbursed anticipated costs for
 - attendant care
 - auxiliary apparatus
- must be reasonable and necessary to allow a family member 18+ to become or remain employed
- is the amount that exceeds 3% of the family's gross income (GI)
 - Unreimbursed costs = \$ 845
 - 3% GI = \$ 300 (GI is \$10,000 in this example.)
 - **Deduction to appear \$ 545**
on worksheet
- cannot exceed the income of the household member with the disability.
 - if the member with a disability earned \$6,000 per year, the deduction could be \$6,000 at most.

DEDUCTIONS SUMMARY

Deduction Type	Amount	Note
Dependent	\$480 per dependent	17 or under, any dependent with a disability
Childcare	Amount varies. For employment, deduction cannot exceed the income of the family member who would otherwise care for the child(ren). No limit on the childcare deduction when childcare supports pursuing education.	Must be for education or employment
Disability assistance	Amount varies. Deduction is the amount of unreimbursed expenses that exceeds 3% of gross income. Deduction cannot exceed the income earned by the family member with a disability.	Must be for employment
Elderly/Disabled family	\$400 total family	62+ or disabled HoH, co-head or spouse
Unreimbursed medical expenses	Amount varies. Deduction is the amount of unreimbursed expenses that exceeds 3% of gross income.	62+ or disabled HoH, co-head or spouse

THANK YOU!

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