



## **CDBG Owner Occupied Rehabilitation Grant**

### **How do grantees determine income eligibility for the program?**

The program administrator must obtain enough information from applicants to accurately project income over the next 12 months.

Estimate the annual income of a household by first collecting one month of income information of each adult person in the household at the time assistance is provided. Then, forecast that information over the course of a year to determine annual income. Estimated annual income must include income from all adult household members.

Income or asset enhancement derived from the CDBG-assisted activity (OOR grant assistance or the value of rehabilitation activities) are not considered in calculating estimated annual income.

### **Annual Income Sources to be considered include:**

- Employment Income including wages, salaries, tips, commissions, etc.
- Self-employment income from own nonfarm business, including proprietorships and partnerships
- Farm self-employment income
- Interest, dividends, net rental income, or income from estates or trusts
- Social Security Retirement
- Railroad retirement
- Supplemental Security Income (SSI)
- Aid to Families with Dependent Children (AFDC)
- Temporary Assistance for Needy Families (TANF)
- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
- Supplemental Nutrition Assistance Program (SNAP)
- Other public assistance or public welfare programs
- Retirement, survivor, or disability pensions
- Any other sources of income received regularly, including Veterans' (VA) payments, unemployment compensation, and alimony.
- Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 for individual Federal annual income tax purposes.

### **Annual Income Sources NOT to be considered:**

- Reverse Mortgages-Reverse mortgage payments aren't taxable. Reverse mortgage payments are considered loan proceeds and not income. The lender pays you, the borrower, loan proceeds (in a lump sum, a monthly advance, a line of credit, or a combination of all three) while you continue to live in your home.
  - With a reverse mortgage, you retain title to your home.
  - Depending on the plan, your reverse mortgage becomes due with interest when you move, sell your home, reach the end of a pre-selected loan period, or die.
  - Interest (including original issue discount) accrued on a reverse mortgage isn't deductible until you actually pay it (usually when you pay off the loan in full). Also, a deduction of interest may be limited because a reverse mortgage generally is subject to the limit on home equity debt, which is not deductible unless the proceeds are used to buy, build, or substantially improve the home that secures the loan. For information on deducting mortgage interest and the debt limit that applies, see [Publication 936, Home Mortgage Interest Deduction](#).
- Any income source not subject to IRS income source 1040 reporting should not be counted toward the income verification for this program.