

FACT SHEET

For HUD ASSISTED RESIDENTS

Project-Based Section 8

“HOW YOUR RENT IS DETERMINED”

Office of Housing

September 2010

This Fact Sheet is a general guide to inform the Owner/Management Agents (OA) and HUD-assisted residents of the responsibilities and rights regarding income disclosure and verification.

Why Determining Income and Rent Correctly is Important

Department of Housing and Urban Development studies show that many resident families pay incorrect rent. The main causes of this problem are:

- Under-reporting of income by resident families, and
- OAs not granting exclusions and deductions to which resident families are entitled.

OAs and residents all have a responsibility in ensuring that the correct rent is paid.

OAs' Responsibilities:

- Obtain accurate income information
- Verify resident income
- Ensure residents receive the exclusions and deductions to which they are entitled
- Accurately calculate Tenant Rent
- Provide tenants a copy of lease agreement and income and rent determinations Recalculate rent when changes in family composition are reported
- Recalculate rent when resident income decreases
- Recalculate rent when resident income increases by \$200 or more per month
- Recalculate rent every 90 days when resident claims minimum rent hardship exemption
- Provide information on OA policies upon request
- Notify residents of any changes in requirements or practices for reporting income or determining rent

Residents' Responsibilities:

- Provide accurate family composition information
- Report all income
- Keep copies of papers, forms, and receipts which document income and expenses
- Report changes in family composition and income occurring between annual recertifications
- Sign consent forms for income verification
- Follow lease requirements and house rules

Income Determinations

A family's anticipated gross income determines not only eligibility for assistance, but also determines the rent a family will pay and the subsidy required. The anticipated income, subject to exclusions and deductions the family will receive during the next twelve (12) months, is used to determine the family's rent.

What is Annual Income?

Gross Income – Income Exclusions = Annual Income

What is Adjusted Income?

Annual Income – Deductions = Adjusted Income

Determining Tenant Rent

Project-Based Section 8 Rent Formula:

The rent a family will pay is the **highest** of the following amounts:

- 30% of the family's monthly *adjusted* income
 - 10% of the family's monthly income
 - Welfare rent or welfare payment from agency to assist family in paying housing costs.
- OR
- \$25.00 Minimum Rent

Income and Assets

HUD assisted residents are required to report **all** income from all sources to the Owner or Agent (OA).

Exclusions to income and deductions are part of the tenant rent process.

When determining the amount of income from assets to be included in annual income, the actual income derived from the assets is included except when the cash value of all of the assets is in excess of \$5,000, then the amount included in annual income is the higher of 2% of the total assets or the actual income derived from the assets.

Annual Income Includes:

- Full amount (before payroll deductions) of wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services
- Net income from the operation of a business or profession
- Interest, dividends and other net income of any kind from real or personal property (See Assets Include/Assets Do Not Include below)
- 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 lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except for deferred periodic payments of supplemental security income and social security benefits, see Exclusions from Annual Income, below)
- Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except for lump-sum additions to

family assets, see Exclusions from Annual Income, below Welfare assistance

- 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
- All regular pay, special pay and allowances of a member of the Armed Forces (except for special pay for exposure to hostile fire)
- For Section 8 programs only, any financial assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965, shall be considered income to that individual, except that financial assistance is not considered annual income for persons over the age of 23 with dependent children or if a student is living with his or her parents who are receiving section 8 assistance. For the purpose of this paragraph, "financial assistance" does not include loan proceeds for the purpose of determining income.

Assets Include:

- Stocks, bonds, Treasury bills, certificates of deposit, money market accounts
- Individual retirement and Keogh accounts
- Retirement and pension funds
- Cash held in savings and checking accounts, safe deposit boxes, homes, etc.
- Cash value of whole life insurance policies available to the individual before death
- Equity in rental property and other capital investments
- Personal property held as an investment
- Lump sum receipts or one-time receipts
- Mortgage or deed of trust held by an applicant
- Assets disposed of for less than fair market value.

Assets Do Not Include:

- Necessary personal property (clothing, furniture, cars, wedding ring, vehicles specially equipped for persons with disabilities)
- Interests in Indian trust land
- Term life insurance policies
- Equity in the cooperative unit in which the family lives
- Assets that are part of an active business
- Assets that are not effectively owned by the applicant

or are held in an individual's name but:

- The assets and any income they earn accrue to the benefit of someone else who is not a member of the household, and
- that other person is responsible for income taxes incurred on income generated by the assets
- Assets that are not accessible to the applicant and provide no income to the applicant (Example: A battered spouse owns a house with her husband. Due to the domestic situation, she receives no income from the asset and cannot convert the asset to cash.)
- Assets disposed of for less than fair market value as a result of:
 - Foreclosure
 - Bankruptcy
 - Divorce or separation agreement if the applicant or resident receives important consideration not necessarily in dollars.

Exclusions from Annual Income:

- Income from the employment of children (including foster children) under the age of 18
- Payment received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone)
- 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
- Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member
- Income of a live-in aide
- Subject to the inclusion of income for the Section 8 program for students who are enrolled in an institution of higher education under Annual Income Includes, above, the full amount of student financial assistance either paid directly to the student or to the educational institution
- The special pay to a family member serving in the Armed Forces who is exposed to hostile fire
- Amounts received under training programs funded by HUD
- 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)

- Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program
- Resident service stipend (not to exceed \$200 per month)
- Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs and training of a family member as resident management staff
- Temporary, non-recurring or sporadic income (including gifts)
- 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
- Earnings in excess of \$480 for each full time student 18 years old or older (excluding head of household, co-head or spouse)
- Adoption assistance payments in excess of \$480 per adopted child
- Deferred periodic payments of supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts
- 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
- 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

Federally Mandated Exclusions:

- Value of the allotment provided to an eligible household under the Food Stamp Act of 1977
- Payments to Volunteers under the Domestic Volunteer Services Act of 1973
- Payments received under the Alaska Native Claims Settlement Act
- Income derived from certain submarginal land of the US that is held in trust for certain Indian Tribes

- Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program
- Payments received under programs funded in whole or in part under the Job Training Partnership Act
- Income derived from the disposition of funds to the Grand River Band of Ottawa Indians
- The first \$2000 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
- Payments received from programs funded under Title V of the Older Americans Act of 1985
- Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in *In Re Agent-product liability litigation*
- Payments received under the Maine Indian Claims Settlement Act of 1980
- 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
- Earned income tax credit (EITC) refund payments on or after January 1, 1991
- Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation
- Allowance, earnings and payments to AmeriCorps participants under the National and Community Service Act of 1990
- Any allowance paid under the provisions of 38U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran
- 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
- Allowances, earnings and payments to individuals participating under the Workforce Investment Act of 1998.

Deductions:

- \$480 for each dependent including full time students or persons with a disability
- \$400 for any elderly family or disabled family
- Unreimbursed medical expenses of any elderly family or disabled family that total more than 3% of Annual Income
- Unreimbursed reasonable attendant care and auxiliary apparatus expenses for disabled family member(s) to allow family member(s) to work that total more than 3% of Annual Income
- If an elderly family has both unreimbursed medical expenses and disability assistance expenses, the family's 3% of income expenditure is applied only one time.
- Any reasonable child care expenses for children under age 13 necessary to enable a member of the family to be employed or to further his or her education.

Reference Materials

Legislation:

- Quality Housing and Work Responsibility Act of 1998, Public Law 105-276, 112 Stat. 2518 which amended the United States Housing Act of 1937, 42 USC 2437, et seq.

Regulations:

- General HUD Program Requirements; 24 CFR Part 5

Handbook:

- 4350.3, Occupancy Requirements of Subsidized Multifamily Housing Programs

Notices:

"Federally Mandated Exclusions" Notice 66 FR 4669, April 20, 2001

For More Information:

Find out more about HUD's programs on HUD's Internet homepage at <http://www.hud.gov>

Transfer Policy for the New River House and Trolinger House Apartments

In order to ensure that you are happy with your home, the owner/agent will consider requests from residents to transfer from one unit to another. Unit Transfer Requests are processed in accordance with the Unit Transfer Policy explained in the Resident Selection Plan and the House Rules. The owner/agent will consider a unit transfer for the following reasons:

- 1) There is a need for a unit transfer because of a change in household size and/or composition
- 2) There is a verified medical need for a different unit
- 3) There is a verified need for an accessible unit
- 4) The resident lives in an accessible unit and no longer needs the accessibility features
- 5) If two or more adult household members reside in one unit and one or more adults choose to apply for a separate unit, the new household will be required to submit a complete application and must be eligible for assistance under the rules provided in HUD Handbook 4350.3 and the owner/agent resident screening policies provided in the most current resident selection plan.

Existing residents must complete a Unit Transfer request. The Unit Transfer Request must be completed and signed by the head of household and all adult household members who wish to transfer. The unit transfer request may be submitted in an equally effective manner, as a reasonable accommodation, if there is the presence of a disability.

Factors concerning approval of transfers are as follows:

- 1) A household that has given a 30-day notice-to-move need not be transferred
- 2) The household must be able to establish mandatory utilities in the new unit (gas, electric, water, etc.)
- 3) A household whose unit meets the owner/agents occupancy standards and who does not require the unit transfer as a reasonable accommodation/medical need must have been a resident in good standing for at least one year. A resident in good standing must meet the following criteria:
 - a) No current outstanding balances owed for 60 days or more
 - b) No confirmed complaints against the resident for disturbing the peace and quiet comfort of other neighbors and/or their guests
 - c) Last unit inspection resulted in no findings of damage or undue wear and tear and no findings of unsafe or unsanitary conditions
 - d) No major lease violations within the last year
 - e) No more than three minor lease violations within the last year

If a household requests a unit transfer to address a household member's disability, the owner/agent will pay for the move unless doing so would change the nature of the program or would cause undue financial and administrative burden. (Please see the Reasonable Accommodation/Modification Policy for additional information.)



Transfer Policy for the New River House and Trolinger House Apartments

Security Deposits & Unit Transfers

When a Resident transfers to a new unit, the owner/agent will charge a new deposit and refund the deposit for the old unit less any outstanding amounts for rent, fees, or damages.

Unit Transfer Request

If you would like the owner/agent to consider a unit transfer, please submit the Unit Transfer Request. If you would like a reasonable accommodation to request a unit transfer, because of the presence of a disability, please feel free to contact the management office.

Unit Transfer Requests will be reviewed as quickly as possible. The resident will receive a response within 30 calendar days from the date the complete, signed request is submitted. The response may be:

- 1) Approval of the Request
- 2) Request for additional information
- 3) Denial of the Request

If your request is approved, but no appropriate units are available, your name will be added to the property waiting list and you will be provided preference based on your status as an existing resident. Preference will be given within the Property you are living, if you wish to move to another Property, you will have to apply for housing and be approved and put on the general Waiting List appropriate for that Property, no resident preference can be made when moving between Properties. New River House and Trolinger House are separate Properties. When an appropriate unit is available, you will have a maximum of 14 days to complete the transfer. If you are unable to transfer within 14 days, the unit will be offered to the next person on the waiting list in compliance with the waiting list management policy.

You have the right to refuse two offered units. The first time a unit offer is refused, the next household on the waiting list will be offered the unit (in accordance with our resident selection plan), and your name will remain at the top of the list. The second time a unit offer is refused, your name will be removed from the waiting list, and a new unit transfer request will not be considered for at least six months. (The owner/agent will consider reasonable accommodation in this case, if there is the presence of a disability).

If the unit transfer is mandatory because the household is over or under housed, the resident will have 30 days to move or assistance MAY be terminated in accordance with the HUD Model Lease.

If your request for a unit transfer is denied, you may appeal the decision within 14 calendar days from the date of the denial letter. Someone who was not involved in the original decision to deny will review your appeal.



Transfer Policy for the New River House and Trolinger House Apartments

UNIT TRANSFER REQUEST

Please complete the unit transfer request and submit it to the management office during regular business hours. We will respond to your request as quickly as possible but no more that 30 days from the date of receipt.

Property Name:		Date:	
Resident Name:		Unit # :	
Current Address:		Unit Size:	

For Office Use Only: Date application received _____	Time application received _____	By _____
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The following people request to be transferred to a different unit on this property:

Name	Relationship
	Head of Household

<input type="checkbox"/> There is a need for a unit transfer because of a change in household size and/or composition
<input type="checkbox"/> There is a need for a unit transfer based on the verified need for an accessible unit
<input type="checkbox"/> There is a verified medical need for a different unit
<input type="checkbox"/> There is a need for a unit transfer of a household that does not require the accessibility features of a unit in which they are living to accommodate a disabled resident/applicant on the waiting list
<input type="checkbox"/> Availability of Deeper Subsidy
<input type="checkbox"/> The household has indicated a desire to move to a different unit
<input type="checkbox"/> If two or more adult household members reside in one unit and one or more adults chooses to apply for a separate unit, they will be required to submit an application. The application will be reviewed for eligibility as described above and if approved, that applicant will receive preference over other non-residents as described in the selection order

All adults must sign the request:

Resident Signature:		Date:	
Resident Signature:		Date:	
Resident Signature:		Date:	

Internal Use Only

This transfer request has been:		Approved		Denied
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