

 Multifamily Housing Case Studies:
A RHIP Training Program


Multifamily Housing Case Studies

A RHIP Training Program



 **Pre-Test**

- **While you are waiting take the pre-training self test**
 - A learning tool for you
 - Not a test to be graded by others
- **10 questions related to Module 1 topics**
- **Complete without looking at the training materials or handbook.**
- **Time required: About 15 minutes**



 **Welcome and Introductions**

- **Trainers and Facilitators**
- **Participants**



 **Housekeeping**




- Start and ending times
- Breaks
- Rest rooms
- Personal comfort
- To-Do List
- Materials

 4

 **Reasonable Accommodation**

- We are committed to ensuring full access to participation
- If you need accommodation for a disability, please let the trainer/facilitator know

 5

 **About the Participant Manual**


- **Designed for multiple purposes:**
 - A course book for this class
 - A self-study training manual for individual learners
 - A reference book
- **Trainer Manual is available for those who want to conduct training sessions**

 6


 **Training Program Overview**


- **Training and TA tool provided by Multifamily Housing in support of RHIP**
- **Training presented in 6 modules**
 - Address key issues identified as problem areas in QC studies




 **Relationship to 4350.3 REV-1**

- **Training materials based on 4350.3 REV-1**
 - Supplement, not replace, handbook
 - Handbook citations provided to enable user to quickly locate expanded guidance and additional examples



 **Case Studies Method**


- **Case Studies enable us to:**
 - See the application of policies to individual families
 - Deal with rent calculations as they are done in real life – one family at a time.
- **Using case studies means:**
 - Not every topic is covered in each module




 **Training Objectives (1)**


- **Participants will be able to:**
 - Correctly determine income inclusions and exclusions
 - Correctly identify assets and asset income
 - Explain and apply HUD requirements on disclosure of SSNs
 - Explain and apply HUD requirements on Citizenship/Immigration status




 **Training Objectives (2)**

- **Participants will be able to:**
 - Correctly identify and apply income deductions
 - Verify and document income and rent factors, including consent
 - Develop and use effective verification forms
 - Plan and execute effective interviewing
 - Correctly calculate TTP, UAs, URPs, and Assistance Payments



 **Technical Topics**


<ul style="list-style-type: none"> • Eligibility <ul style="list-style-type: none"> – Household composition – Citizenship – Social Security Numbers – Consent Forms • Annual Income <ul style="list-style-type: none"> – Inclusions – Exclusions – Calculations 	<ul style="list-style-type: none"> • Adjusted Income <ul style="list-style-type: none"> – Dependent deduction – Elderly/disabled deduction – Disability assistance expenses – Child care expenses – Medical expenses
--	--




 **Technical Topics (2)**

- **TTP, Rent and Assistance Payment Calculations**
 - Section 8
 - Section 202/811 PRAC
 - Section 202 PAC
- **Verification and Documentation**
- **Interviewing**
 - Approaches and tips
 - Questions:
 - Required,
 - Recommended
 - Prohibited
 - Developing your skills as an interviewer

 13

 **The Six Modules**


- **Each module covers different topics**
For example:
Module 1 includes dependents and child care (but not the other deductions from income)
- **Modules 1 - 5 cover technical issues**
- **Module 6 is for trainers**
- **See Appendix 1 for a summary**


 14


 **Ground Rules & Opportunities**


- **Ground Rules**
 - Ask questions, but share the floor with your fellow participants
 - Focus on the topics covered in this module
- **Opportunities**
 - Get clarifications for those tricky issues
 - Share experiences with your colleagues

 15


 **Questions**




 16


 Multifamily Housing Case Studies:
A RHIP Training Program


Module 1

 17

 **What to Expect in Module 1**


- **Agenda for Module 1**
- **Lecture, Ideas, Discussion, Case Studies, Resources and Tools**
- **Assessment**


 18



Overview


- **Module 1 in a series of 6 RHIP training modules**
- **Use of case studies, simple to complex, to practice application of HUD policies**
- **Module 1 used as self-study tool or in a formal training program**






Objectives for Module 1

- **Participants will be able to:**
 - **Identify and classify household members using HUD's definitions**
 - **Correctly apply HUD's policies re:**
 - Employment income, alimony and child support, foster care payments
 - Dependent deduction and child care expenses
 - **Apply TTP and rent formulas for:**
 - Sec. 8, Sec. 202 PAC, Sec. 202/811 PRAC





Organization of Module 1

Basic Information about Income and Rent

Part I. Household Composition & Definitions


Part II. Annual Income


Part III. Adjusted Income

Part IV. Total Tenant Payment (TTP) Calculations
Case Studies 1 and 2

Part V. Verification Requirements
Case Study 3


Part VI. Advanced Topics
Case Study 4



 Multifamily Housing Case Studies:
A RHIP Training Program

Part I

Household Composition and Definitions

 22

 **Our Goal for Part I**


- **Define the terms**
- **Identify possible household members**

 23

 **Why Composition Matters**


- **Eligibility and calculation rules vary based upon characteristics of:**
 - Family as a whole
 - Individual household members
- **Errors in rent and assistance payment calculations may come from incorrect classification of family members**
 - How household composition affects income and rent comes later in the module


 24



Possible Household Members


- Head of Household
- Spouse
- Co-head
- “Other” Adult
- Dependents
- Full-time students
- Elderly Person
- Person with a disability
- Live in Aide
- Foster Child
- Foster Adult






Family vs. Household


- **Family = the assisted persons**
 - Family is used even when:
 - It is only one person
 - No children are present
- **Household = all persons living in unit**
 - Household members that are not “family”:
 - Live in aides
 - Foster children and foster adults







Head of Household


- **Adult member**
 - Designated by the family
 - For eligibility and rent purposes
- **Not a conclusion about who is “in charge”**




 **Spouse or Co-head**

- An adult family member who is treated the same as head for determining income, eligibility and rent

 28

 **Other Adult**

- Family member 18 and older who is NOT the head, spouse, or co-head
- Temporarily absent “other adult” on active military duty with no spouse or dependent in unit is NOT counted as family member

 29

 **Minor/Emancipated Minor**

- Family member under the age of 18
- Some minors are “emancipated”
 - Permitted under state law to sign contracts
 - Responsible for “adult” decisions
- Do not count the earned income of an emancipated minor that is not the head, spouse, co-head

 30



Elderly Person/Family

- Elderly person is at least 62
- Elderly family has a head, spouse or co-head that is at least 62



31



Person with Disabilities

- A person with disabilities may have:
 - Physical disability
 - Mental disability
 - Developmental disability
 - [In some cases an alcohol or drug problem]
- Detailed definitions are provided in 4350.3 REV-1, Figure 3-6



32




Disabled Household

- Has a head, spouse or co-head who is a person with disabilities
- Special rules apply
- Module 1 Case Study family is not a disabled household
- Module 4 covers in detail




33




Dependents (1)

- Any family member under 18 years of age
- A family member 18 and older who is **NOT** the head, spouse or co-head AND IS:
 - A full-time student, OR
 - Person with a disability
- Do **not** count as dependents:
 - Foster child or foster adult
 - Unborn child
 - Live-in aide




34



Dependents (2)

- **Do** count as a dependent:
 - Child temporarily absent in foster care
 - Child when parents have joint custody **IF** the child lives in unit 50% of time or more
 - Full-time students away at school **IF** they live in the unit during school breaks
 - Children being adopted **IF** they already live in the unit



35



Full-time Student

- Attends school or vocational training on a full-time basis
 - “Full-time” is defined by the institution



36



Live-in Aide

- Lives with an elderly, near elderly or person with disabilities
 - Is essential to care and well-being
 - Is **not** obligated for support of person
 - Would not otherwise live in the unit
- Relatives who meet the definition may be live-in aides



37



Foster Child/Adult

- Someone living with family who, by age or disability, is placed in the care of the family
- Person is in the legal guardianship or custody of a state, county or private adoption or foster care agency



38




Remaining Member

- Special eligibility and rent calculation rules apply to “remaining member of tenant family” in some types of projects
- Not the subject of Case Studies in Module 1

NOTE: Live-in aide cannot be a “remaining family member”




39

 Multifamily Housing Case Studies:
A RHIP Training Program

Part II


Annual Income

40

 **Annual Income Definition**


- Monetary and non-monetary
- Anticipated to be received in the “next” 12 months
- Appendix 2 provides complete definition
 - Income Inclusions and Exclusions
- Annual income is compared to income limits and is part of rent formula

41

 **Whose Income is Counted?**

- All income of adult family members, unless specifically excluded
- Earned income of minors not counted but other benefits and non-earned income are
- Income of live-in aide, foster child/adult not counted
- Income of temporarily absent adult family member is counted

42


 **Whose Income? (2)**


- **Count the income of temporarily absent adult family members**

Examples:

- Adult on a temporary employment assignment out of town
- Adult in the hospital

- **Special rules apply to active military personnel (discussed later)**


 43


 **Whose Income? (3)**

- **Family members permanently confined to a hospital or nursing home**

The family chooses to:

- Include the income, and benefit from deductions
- Exclude the income, and not benefit from deductions for which individual qualifies the family


 44


 **Earned Income**

- **Gross amounts before payroll deductions**


- Wages
- Salaries
- Overtime
- Bonus and Commissions
- Tips
- Other compensation


- **Sporadic income is not counted**

 45

 **Earned Income (2)**

- Earned income of minors is not counted
- Count only the first \$480 of earned income of full-time students
 - This counter-balances the \$480 dependent deduction
- Owners must become familiar with special income exclusions


 46


 **Anticipating Earned Income**

- Use current circumstances to project the future
- Incorporate verifiable changes that will take place


Example:
Now: Joe makes 9.50/hour
 2 months after recert effective date: Joe will earn \$9.75/hour

- Count \$9.50 x 40 hours for 9 weeks
- Count 9.75 x 40 hours for 43 weeks

 47

 **Anticipating Earned Income (2)**

- If changes are likely but unknown:
 - Use current circumstances
 - Then conduct an interim recertification if needed

 48



Alimony & Child Support

- Count amounts awarded by court or divorce/separation agreement unless family:
 - Certifies amount is not being received
 - Takes “reasonable” legal efforts to collect
- Owner determines “reasonable” efforts
 - Includes requesting assistance of state/county child enforcement services; filing affordable legal actions



49



Alimony & Child Support (2)

- Some child care expenses can be deducted from income (*discussed in Part III*)
- However...
 - Payments made by a member of the assisted family for the care of a child that does not live in the assisted unit are NOT deducted as child care



50




Foster Care Payments

- Amounts received by an assisted family for the care of a foster child or foster adult are not counted




51

 Multifamily Housing Case Studies:
A RHIP Training Program

Part III


Adjusted Income

52

 **Adjusted Income Definition**


- **Adjusted Income = Annual Income**
minus
Deductions for which family qualifies
- **The family may not designate a member head, spouse or co-head solely to become eligible for the deduction**

53

 **Adjusted Income**


- **All families may qualify for:**
 - \$480 dependent deduction ([this module](#))
 - Child care expenses ([this module](#))
 - Disability assistance expenses
- **Only elderly or disabled households qualify for:**
 - Elderly/Disabled household deduction
 - Medical expenses


54

 **Dependent Deduction**


- **How Many Dependents?**


Family Composition	No. of Dependents
Head (26), Spouse (27), 3 Children (3, 5, 6)	3
Head (42), 3 Children (9, 13, 23 and disabled)	3
Head (21), Spouse (17), Child (2)	1
Head (62), Daughter (35), Granddaughter (5)	1
Head (52), Daughter (30 and disabled), Granddaughter (15), Mother of Head (72 and full-time student)	3
Head (30), 3 Foster Children (4, 5, 9 and disabled)	0

 55


 **Shared Custody**

- **When two assisted families claim the same child as a dependent:**
 - Only one (at a time) can do so
 - The two families should work it out
- **In the case of conflict the owner may have to decided based on:**
 - IRS deductions
 - Other documents

 56

 **Child Care Expenses**

- **Must be:**
 - For a child under age 13
 - Reasonable
 - Not reimbursed by others
 - Necessary because no family member is available (family decision)
- **Cannot be paid to someone living in the unit**

 57



Limits on Child Care Expenses

- **For Work**
 - Must not exceed the earned income of family member enabled to work
- **Seek work or Further Education**
 - Not limited by family earnings
- **Pro-rations required if:**
 - Some child care is for work and some is for another eligible purpose
 - Some child care is for an eligible person and some is not





Pro-ration Examples

- **\$200/week child care for 9 year old daughter and 9 year old neighbor's daughter**
 - Only ½ of the child care would be eligible (assuming the care provider charges equally for the children)
- **Head works 8-12 and goes to school 1-5**
 - The 4 hours of child care each day is capped by the amount earned
 - But not the 4 hours for education






Multifamily Housing Case Studies:
A RHIP Training Program

Part IV


Tenant Rent and Assistance Payments






Project Rents

- HUD approves the unit rent and utility allowance (for tenant-paid utilities)
- **Sec. 8 and Sec. 202 PAC:**
 - Unit rent is “contract rent”
 - Gross rent = contract rent + UA
- **Sec. 202/811 PRAC:**
 - Unit rent = operating rent – UA
 - Gross rent is “operating rent”







Total Tenant Payment (1)

- **Total Tenant Payment (TTP) is the amount a tenant is expected to contribute toward rent and utilities**
- **Section 8 formula:**

TTP is the greatest of:


 - 30% of monthly adjusted income
 - 10% of monthly (gross) income
 - Welfare Rent (in as-paid states only)
 - Minimum Rent (\$25.00)





Total Tenant Payment (2)


- **202 PAC and 202/811 PRAC formula is the same as Sec. 8 except:**
 - The \$25 minimum rent does not apply
- **In Sec. 8 and 202 PAC projects family TTP must be less than gross rent at admission**
- **In 202/811 PRAC projects TTP may exceed gross rent**




 **Assistance Payment**


- Assistance payment is federal subsidy provided on the tenant's behalf
- Payment is gross rent minus TTP:
 - \$600 Contract Rent
 - + \$ 75 Utility Allowance
 - = \$675 Gross Rent
 - \$100 TTP
 - = \$575 Assistance Payment




 **Tenant Rent and Utility Allowance**


- Tenant Rent is the amount the family pays to the owner
 - Tenant Rent is amount left over, after subtracting family's Utility Allowance from family's TTP
 - In the example on the prior slide, the family would pay the \$100 TTP as follows:
 - \$ 75 allowance to pay for utilities
 - \$ 25 paid to owner as rent
 - = \$100 TTP



 **Utility Reimbursements (1)**

- When family's TTP does not cover the utilities, the family receives a utility reimbursement payment (URP)
- HUD provides assistance payment to owner that covers:
 - All of the owner's rent
 - Additional funds to cover the tenant's utility reimbursement which the owner must pay the tenant



 **Utility Reimbursements (2)**


An Example:


TTP = the greatest of:

- \$ 0 [30% of mo. Adj. inc.] = \$ 555 Gross Rent
- \$ 17 [10% of mo. Gross inc.] = \$ 555 Gross Rent
- \$ 0 Welfare Rent = \$ 555 Gross Rent
- \$ 25 Minimum Rent - \$ 25 TTP = \$ 530 Assistance Payment


So ...


- \$ 25 TTP
- \$ 500 to owner for rent
- \$ 30 to tenant for utilities



 **Rounding Rules**


- **Study 4350.3 REV-1, Appendix 8**
 - Carry decimals from one step to another until the TRACS entry
 - Round up at \$0.50
 - Round down at \$0.49




 **Rounding Example (1)**

Earned Income:

- Mary makes \$9.23/hour and works 16 hours/week
- The calculation would be:
 - \$9.23 x 16 = \$147.68 (do not round)
 - 147.68 x 52 weeks = **\$7,679.36**
 - TRACS entry for employment income would be **\$7,679** (rounded)





 **Rounding Example (2)**

Assets:

- Each type of asset is separately rounded
 - **Savings Account:**
 - \$489.23 would be rounded as **\$489**
 - **Checking Account:**
 - \$246.89 would be rounded as **\$247**
- **Total Assets calculated using the rounded numbers:**

$$\$489 + \$247 = \$736$$


 70


 **Rounding Example (3)**

Medical Expenses:

- Do not round each item
- Round the total for all medical expenses
 - Prescription A costs \$98.42/month x 12 months = \$1,181.04
 - Prescription B costs \$48.36/month x 12 months = \$580.32
 - Medical expenses:


	\$1,181.04
+	<u>\$ 580.32</u>
=	\$ 1,761.36
=	\$ 1,761 (rounded)


 71

 Multifamily Housing Case Studies:
A RHIP Training Program


Case Study 1


Introducing the Bonners

 72

 **About the Bonners**


- Elizabeth (26)
 - Works at hospital \$6.75/hour full-time
- Elizabeth is: *Head of Household*
- Ronald (8)
- Adam (5)
- Get \$5/week for chores
- Ronald and Adam are: *Dependents*




 **Elizabeth's Annual Income**


\$6.75 per hour
X 40 hours per week
X 52 weeks per year


= \$14,040




 **Family's Adjusted Income**


Annual Income	\$ 14,040
Less?	\$ 960
Adjusted Income	\$ 13,080




 **Family's TTP**


30% of monthly adjusted income	\$ 327
10% of monthly gross income	\$ 117
Welfare Rent	NA
Minimum Rent	\$ 25
Total Tenant Payment	\$ 327

 76


 **Family's Assistance Payment**

Approved Contract Rent	\$ 925
TTP	\$ 327
Assistance Payment to Owner	\$ 598

 77

 **Sources of Error (1)**

- How difficult was the Bonner case study?
- Often annual income calculations are less clear:
 - Multiple members working multiple jobs
 - Part-time, intermittent, seasonal income
 - Tips, overtime, commissions, bonuses
 - Verification documents may not be complete or clear

 78



Sources of Error (2)

- **Family relationships may be more complex:**
 - Multiple generations, non-related individuals
 - Special rules re: elderly, persons with disabilities, foster children/adults, live-in aides, full-time students
 - Individuals moving in and out; temporarily and permanently



79



Sources of Error (3)

- **Project circumstances can be more complicated:**
 - Separately metered utilities require the use of utility allowance
 - Some families may need a utility reimbursement
- **Careless mistakes also contribute to errors**
- **Remaining case studies will address these issues**



80




Multifamily Housing Case Studies:
A RHIP Training Program

Case Study 2


The Bonners Revisited




81


 **New Family Information**


- **Elizabeth's Employment**
 - 8 hours every other weekend at \$10.28/hour
 - 24 hours/week at \$6.85/hour
- **Child Care Expenses of \$100/week**
- **Child Support from ex-husband \$100/month**

 82


 **Case Study 2: Assignment**

- **Calculate Ms. Bonner's Income**
- **Complete the income and rent calculations on the form on the pages that follow**
- **Time: 15 minutes**

 83

 **About the Forms**

- **Not HUD-required forms**
 - Owners who make manual calculations use something similar
 - Forms do the same calculations that vendor automated systems do
- **Understanding the calculations is essential (even if they are automated)**

 84



Form Contents – 5 parts

- **Asset Income Calculation**
– Not using this part in Module 1
- **Annual Income**
– Family member, source, calculation
- **Adjusted Income**
- **Tenant Rent Calculation**
- **Assistance Payment Calculation**



85



Case Study 2: Annual Income

Family Member	Calculation	Employment	Other
Elizabeth	$10.28 \times 8 \times 26 =$ \$2,138.24	\$10,687	
	$6.85 \times 24 \times 52 =$ \$8,548.80		
Elizabeth	$100 \times 12 =$ \$1,200		\$1,200
Total Each Source:		\$10,687	\$1,200
Total Annual Income:		\$11,887	



86



Case Study 2: Adjusted Income

Total Annual Income:	\$11,887
Dependent Deduction: <u>2</u> x \$480	\$ 960
Child Care Allowance:	\$ 5,200
Child care expenses for work: <u>\$5,200</u>	
Child care expenses for education: <u>\$0</u>	
Elderly Household Deduction:	\$ 0
Medical/Disability Assist. Expense Deduction:	NA
Total Allowances:	\$ 6,160
Total Adjusted Income:	\$ 5,727



87

Case Study 2: TTP

Monthly (gross) Income	\$ 991
Monthly Adjusted Income	\$ 477
30% of Monthly Adjusted Income	\$ 143
10% of Monthly (gross) Income	\$ 99
Welfare Rent	NA
Minimum Rent	\$ 25
Total Tenant Payment	\$ 143

Case Study 2: Tenant Rent

Total Tenant Payment	\$ 143
Minus Utility Allowance	\$ 0
Tenant Rent	\$ 143
Utility Reimbursement	\$ 0

Case Study 2: Assistance Payment

Contract Rent	\$ 925
Utility Allowance	\$ 0
Gross Rent	\$ 925
TTP	\$ 143
Total Assistance Payment	\$ 782
Assistance Payment for Rent	\$ 782
Assistance Payment for Utility Reimbursement	\$ 0


 Multifamily Housing Case Studies:
A RHHIP Training Program

Part V

Verification Requirements




91

 **Verification Basics (1)**


- **Owners must verify all income, expenses, assets, family circumstances that affect:**
 - Eligibility
 - Level of assistance
- **Families (and individual family members) must give consent to verification**
- **Cost of verification cannot be passed on to the family**
- **Information must be handled in accordance with Privacy Act**




92

 **Verification Basics (2)**

- **Handbook 4350.3 REV-1, Chapter 5 provides detailed guidance on verification**
- **Module 1 will cover “big picture” and verification of specific topics**
- **Consent is covered in Module 2**
- **Verification topics will be addressed in each module to come**




93



When to Verify

- **Income, assets, expenses, deductions must be verified**
 - Prior to initial move-in
 - As part of annual recertification
- **Verify changes in income, allowances or family characteristics reported between annual recertifications**






Acceptable Verification


- **Owners are responsible for determining adequacy and credibility of verification**
- **Three methods – in order**
 1. Third party (written or oral)
 2. Review of documents
 3. Certification







3rd Party Verification (1)


- **Written** 3rd party, with original signatures, is preferred
- **Owner sends form requesting specific information**
 - QC studies suggest that some owners are not asking the right questions
- **Returned by Mail**
 - Also electronic, with telephone follow-up




 **3rd Party Verification (2)**


- **Not returned by 3rd party (hand-carried by family)**
 - Owner should examine for validity
 - Owner not required to accept
- **Oral 3rd party verification is best for:**
 - Follow up
 - When the source will not or cannot respond in writing

 97


 **Review of Documents (1)**

- **Review of documents used when 3rd party verification:**
 - Is not possible
 - Is not necessary (e.g., birth certificates used for age verification)
 - Is delayed beyond two weeks from the owner's request

 98

 **Review of Documents (2)**

- **Copies of documents placed in file**
 - Where copies cannot be made, viewed documents must be noted in file, listed, dated and initialed
- **The documents must be:**
 - Current
 - Complete
 - Original and Unaltered


 99



Family Certification


- **Family certification should be used only when no other form of verification is possible**
- **Owner may accept family's notarized statement regarding veracity of info**
- **Certification may be helpful in reconciling conflicting information**






Verification Sources


- **Handbook 4350.3 REV-1, Appendix 3 provides**
 - Detailed chart addressing each factor to be verified
 - Acceptable verification sources
 - Acceptable documentation
- **Owners may use additional and/or alternative sources and documentation**







Verification and Consent


- **Adult family members must authorize owner to verify data**
- **2 HUD-required forms (covered in Module 2):**
 - HUD-9887, *Notice and Consent to the Release of Information to HUD and to PHA*
 - HUD-9887-A, *Applicant/Tenant's Consent to Release of Information ...*
- **Owners also create their own verification forms**




 **Documentation (1)**


- Many QC findings related to failure of file documentation to adequately support rent calculation figures
- Owner must explain how numbers used in rent calculations were determined
- Documentation critical when verification information used is:
 - Other than the preferred form
 - Inconsistent or contradictory

 103


 **Documentation (2)**


- Tenant files must document verification process:
 - Copies of written 3rd party verification
 - Owner notes and documentation of oral information
 - Copies of original tenant-provided documents
 - Written record of documents viewed

 104

 **Documentation (3)**


- When written 3rd party verification is not available:
 - Owners must document efforts to obtain and why it was not obtained
- File includes explanation of why 3rd party not obtained
 - Copy of original request
 - Written documentation of follow-up


 105



Effective Term of Verification


- Verifications valid for 120 days after receipt by the owner
- Time limits do not apply to items that do not need to be re-verified (e.g., age, disability status)






Verification of Family Composition


- HUD does not require verification of family composition
- The owner may wish to verify:
 - That a child occupies the unit at least 50% of the time
 - New location/address for a family member that has moved out
- Owner's tenant selection plan (TSP) must specify the family composition factors the owner will verify






Verification of Dependents and Full-time Students


- **Age**
 - 3rd party verification of age is not required.
 - See 4350.3 REV-1 Appendix 3 for the permitted documents
- **Full-time students**
 - Needed only when necessary to qualify the person as a dependent.
 - The owner may accept 3rd party verification from school officials or review school records






Verification of Earned Income (1)

- **Verification provided directly by employer is best**
- **Forms must ask right questions about:**
 - Wage rates and time periods
 - Overtime rates and hours
 - Bonuses, tips and commissions
 - Expected changes in rate of pay or hours worked
- **Module 3 addresses effective interviewing**







Verification of Earned Income (2)

Multiple and Conflicting Sources:


- **Owners may have to collect information from several sources**
 - Employers may be reluctant to estimate (promise) overtime
 - Employer verification plus W-2 and pay stubs may be needed
- **Some 3rd party automated resources are available (for a fee) but do not replace 3rd party verifications**






Verification of Alimony or Child Support (1)

- **Divorce/separation agreements and court orders may provide information (if they are current)**
- **Ex-spouse is a 3rd party source but there may be conflicts**
- **Family that is not receiving awarded amounts must certify and make reasonable efforts to collect**







Verification of Alimony or Child Support (2)

- **Use the net amount if an agency collects a fee or makes a deduction from the child support**

Example:


- Jane was awarded \$100/month, but her ex-husband is not paying
- She files with the state enforcement agency
- State agency collects a portion (\$25) to compensate for TANF Jane has received
- Count only **\$75** in annual income






Verification of Child Care Expenses (1)


- **For child care for any purpose (work, seek work, or education) owner must verify:**
 - Care provider
 - Who is being cared for
 - Rate of pay and hours care is provided,
 - How the charges are assessed (e.g. by the hour or week, by number of children)






Verification of Child Care Expenses (2)


- **For child care to enable education owner must confirm that:**
 - The hours of school are reasonably related to the hours of care
 - “reasonably related” can include study time
 - The family member actually is enrolled in an educational program
 - enrollment does not have to be full-time



 **Verification of Child Care Expenses (3)**


- For child care to seek work a certification that the individual is seeking work is required
- Owners must specify family reporting requirements in the tenant selection plan (TSP)



 Multifamily Housing Case Studies:
A RHIP Training Program

Case Study 3

**The Bonners:
Changes and Challenges**



 **New Family Information (1)**

- **Welcome Charles**
Charles is a: ***Co-head***
- **Welcome Billy Brown**
Billy is a: ***Foster Child***





New Family Information (2)

- **Charles reports:**
 - \$12.00/hour employment income
 - Variable hours depending on time of year
- **Elizabeth reports:**
 - She's staying home with the children
 - Taking care of Billy B.
- **No more child support (shame on George)**
- **Separate metering of utilities**
 - \$75 Utility Allowance





Case Study 3: Assignment

- **Review the verification forms**
- **Complete the income and rent calculations using the forms**
- **Time: 30 minutes**





Case Study 3: Annual Income

Family Member	Calculation	Employment	Other
Charles S.	$\$12.50 \times 40 \times 52 =$ \$26,000	\$29,750	
	$\$18.75 \times 10 \times 20 =$ \$3,750		
Total Each Source:		\$29,750	
Total Annual Income:		\$29,750	



Case Study 3: Adjusted Income

Total Annual Income:	\$29,750
Dependent Deduction: <u>2</u> x \$480	\$ 960
Child Care Allowance:	\$ 0
Child care expenses for work: \$0	
Child care expenses for education: \$0	
Elderly Household Deduction:	\$ 0
Medical/Disability Assist. Expense Deduction:	NA
Total Allowances:	\$ 960
Total Adjusted Income:	\$28,790

Case Study 3: TTP

Monthly (gross) Income	\$ 2,479
Monthly Adjusted Income	\$ 2,399
30% of Monthly Adjusted Income	\$ 720
10% of Monthly (gross) Income	\$ 248
Welfare Rent	NA
Minimum Rent	\$ 25
Total Tenant Payment	\$ 720

Case Study 3: Tenant Rent

Total Tenant Payment	\$ 720
Minus Utility Allowance	\$ 75
Tenant Rent	\$ 645
Utility Reimbursement	\$ 0

**Case Study 3:
Assistance Payment**

Contract Rent	\$ 880
Utility Allowance	\$ 75
Gross Rent	\$ 955
TTP	\$ 720
Total Assistance Payment	\$ 235
Assistance Payment for Rent	\$ 235
Assistance Payment for Utility Reimbursement	\$ 0

Multifamily Housing Case Studies:
A RHIIP Training Program

Part VI

Advanced Topics

Multifamily Housing Case Studies:
A RHIIP Training Program

Case Study 4

Annualizing Income



Case Study 4: Sam A.

ANSWER:

$$\$600 \times 24 = \underline{\$14,400}$$

NOTE:

Multiply bi-weekly (every two weeks)
wages by 26

Multiply semi-monthly (twice a month)
wages by 24



127



Case Study 4: Sally B.

ANSWER:

$$\$450 \times 26 = \$11,700$$

$$\$11 \times 6 \times 26 = \$ 1,716$$

$$\text{Annual Income} = \$13,416$$

NOTE:

Multiply bi-weekly (every two weeks)
wages by 26

Multiply semi-monthly (twice a month)
wages by 24



128




Case Study 4: Harry C.

ANSWER:

Count social security income.
No income would be counted
from Harry's "chores". This is
"sporadic" income.





129

 Multifamily Housing Case Studies:
A RHIP Training Program

Case Study 4

Pro-rating Child Care Expenses





 **Case Study 4: Juanita D. (1)**

ANSWER: Two Issues to address

Issue 1. What are the child care expenses?

- Not eligible for deduction for child care expenses for son Phillip (over age 12)
- \$180 per week may need to be prorated
- How much would provider charge for care of Susie alone?




 **Case Study 4: Juanita D. (2)**

ANSWER: Two Issues to address

Issue 2. Do child care expenses exceed amount earned?

- Juanita's earnings:
 $\$1,500 \times 12 = \$18,000$
- Total child care for both children:
 $\$180 \times 52 = \$9,360$
- Child care expenses will not be capped. Total for both children well under amount earned





Case Study 4: Jean E. (1)

ANSWER: Two steps

Step 1. How much of child care expense is attributable to work, and how much to education?

$\$200 \times 52 = \$10,400$ child care expenses

69% of child care attributable to work:

- 20 hours work + 9 hours school = 29 hours

- 20 hours / 29 hours = .69 = 69%

$\$10,400 \times 69\% = \$7,176$ attributable to work

$\$10,400 - \$7,176 = \$3,224$ attributable to school





Case Study 4: Jean E. (2)

ANSWER: Two steps

Step 2. What child care expenses will you deduct from Jean's annual income?

5 hours x 4 days x 52 weeks = $\$6,240$ annual income

Child care to enable work ($\$7,176$) capped at $\$6,240$

Allowable Child Care Expenses:

$\$6,240$ capped amount attributable to work

$\$3,224$ attributable to school

$\$9,464$ Total Allowable Child Care Expenses





Post-Test

- For you – to measure what you have learned
- Answers in Attachment E
- Study the 4350.3 REV-1 and the training materials for questions you miss





Evaluation

**Please help us improve our training
by filling out the evaluation form**

Thank you!