DETERMINING INCOME ELIGIBILITY AND RENT

OR HOW I LEARNED TO STOP WORRYING AND LOVE THE TIC

TIC: Tenant Income Certification
Determining income can seem daunting, but gathering the appropriate resources and thoughtfully completing the Tenant Income Certification (TIC) Form, ensures it isn’t as difficult as you may have thought.

Having this form filled out correctly will save staff time and money because errors in income calculations can result in program non-compliance or even refunds to tenants.

The TIC can be found on our website, but make sure you use the right form.

- **TIC – General, for PHB-Only Funding** (No HOME or LIHTC Funding)
- **TIC – HOME & LIHTC Programs Combined**
- **TIC – HOME Only**

For the purposes of this tutorial, we will use the TIC General Form.

Let’s get started!
IDENTIFYING THE CERTIFICATION TYPE

- New household moving in? Initial certification (also known as move-in certification)
- One year since household has moved in? Recertification (required annually ON or BEFORE move-in anniversary, but NOT AFTER)
- Change in household composition? Add or remove members, child ages into adult? Other
- Unit Transfer? Other

GENERAL TENANT INCOME CERTIFICATION
(Use this Form only for Projects without HOME or LIHTC funding)

- Initial Certification
- Recertification
- Other

Effective Date: ___________________________
Move-in Date: ___________________________
YYY-MM-DD)
EFFECTIVE DATE – TIC MUST BE SIGNED BY ADULT RESIDENTS AND OWNER REP ON OR BEFORE THIS DATE

• Initial Certification: should match the move in date, may be signed up to 10 days earlier

• Annual Recertification: no later than one year anniversary of the move in date

• Other certification: as close to the change in household composition as possible, or on the date of the unit transfer

• Recertifications may be completed and signed up to 120 days before the effective date.

• If a child will be 18 by the effective date they must have their income included and sign the TIC along with other adult residents.

GENERAL TENANT INCOME CERTIFICATION
(Use this Form only for Projects without HOME or LIHTC funding)

☐ Initial Certification    ☐ Recertification    ☐ Other

Effective Date: ______________
Move-in Date: ______________
(YYYY-MM-DD)
PART I. DEVELOPMENT DATA

- Which property are we at? In what county?
- What’s the address?
- Which unit is this Tenant Income Certification for?
- How many bedrooms in the unit? Studios = 0
PART II. HOUSEHOLD COMPOSITION

- How many adults? Anyone over 18 is considered an adult and must have their income verified and included. *Exception: live in caretakers*

- How many children? Children and infants count toward household size. We’ll discuss income belonging to minors on the next slide.

<table>
<thead>
<tr>
<th>VH Mbr #</th>
<th>Last Name</th>
<th>First Name</th>
<th>Middle Initial</th>
<th>Relation to Head of Household</th>
<th>Race</th>
<th>Ethnicity</th>
<th>Disabled (Yes/No)</th>
<th>Date of Birth (yyyy-mm-dd)</th>
<th>Full Time Student (Yes/No)</th>
<th>Last 4 Digits of SS#</th>
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</thead>
<tbody>
<tr>
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</tbody>
</table>
DEPENDENT INCOME - MINORS

- A dependent is a family member who is under 18 years of age, is disabled, or is a full-time student.

- When determining whether a minor’s income must be counted toward household income;
  - Count – Benefits or unearned income (Social Security Benefits, Trust Fund Income)
  - Do NOT Count – Earned income (income that the minor worked for)

- For more information on dependent income, see HUD’s 4350.3 Occupancy Requirements of Subsidized Multifamily Housing Programs, Chapter 5: Determining Income and Calculating Rent Section 5-6 (page 5-7)
STOP! TIME TO USE AN AUXILIARY RESOURCE

- Parts III and IV ask about income and assets. The Applicant/Tenant Questionnaire is a great resource.
- Asks about various types of income and assets
- Provides a checklist to work from
PART III. GROSS ANNUAL INCOME

PHB uses HUD’s 4350.3 Occupancy Requirements of Subsidized Multifamily Housing Programs, Chapter 5: Determining Income and Calculating Rent, to assess income using the gross income calculations (we do not use adjusted income with deductions).

Incomes sources could be simple or complex, let’s look at a few examples.
HOUSEHOLD #1: STEINBECK (SIMPLE)

- Jane is a salaried worker, expecting a steady income all year long
  - Jane makes $16 an hour, and does not expect a raise for the next year
  - Jane is scheduled at 40 hours a week
  - $16 \times 40 \times 52 = $33,280 anticipated annual wages
- Jane does not have any other sources of income, and is the sole member of her household

<table>
<thead>
<tr>
<th>HH Mbr #</th>
<th>(A) Employment or Wages</th>
<th>(B) Soc. Security/Pensions</th>
<th>(C) Public Assistance</th>
<th>(D) Other Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>33,280</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**TOTALS** $33280 $0 $0 $0

Add totals from (A) through (D), above

**TOTAL INCOME (E):** $33280
HOUSEHOLD #2: MCCAFFREY (COMPLEX)

• Andy is an hourly worker with an inconsistent schedule
  • Andy receives tips on top of his $14.00 wage and expects a $0.50 raise in 6 months.
  • Andy works part time, usually 15 – 20* hours a week.
  • ($14 \times 20 \times 26) + ($14.50 \times 20 \times 26) = $7,280 + $7,540 = $14,820
  • Andy's employer can't verify his tips, so we assume 20% or $2,964
  • $14,820 + $2,964 = $17,784

Andy cares for his infant daughter, and receives TANF support monthly of $332
$332 \times 12 = $3,984
Andy's daughter receives Social Security survivor benefits of $1,144 a month
$1,144 \times 12 = $13,728

<table>
<thead>
<tr>
<th>HH Mbr #</th>
<th>(A) Employment or Wages</th>
<th>(B) Soc. Security/Pensions</th>
<th>(C) Public Assistance</th>
<th>(D) Other Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>17,784</td>
<td>0</td>
<td>3,984</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>13,728</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTALS</td>
<td>$17784</td>
<td>$13728</td>
<td>$3984</td>
<td>$0</td>
</tr>
</tbody>
</table>

Add totals from (A) through (D), above
TOTAL INCOME (E): $35,496
PART IV: INCOME FROM ASSETS

There are two ways we analyze assets: the cash value of the asset and the income the asset produces.

- **Cash Value**: market value less reasonable expenses incurred through selling/converting (penalties, broker and legal fees, settlement costs).
- **Income from Assets**
  - **Total assets are $5,000 or Less** – the actual income included in the annual income as income from assets.
  - **Total assets exceed $5,000** – the greater of either the actual income from assets or .06% of the total cash value of assets, known as imputed income.

Further guidance available in HUD 4350.3 Chapter 5.

Note: Passbook Savings Rate changed from 2% to .06% in 2015.

Column G refers to Current or Imputed, in this case, Current means the family currently holds the asset and Imputed would be used if the family has disposed of the asset for less than fair market value within two years of effective date of the certification.

![Table Example](image_url)
**INCOME FROM ASSETS EXAMPLES**

### Example – Determining Income from Assets When Net Family Assets Exceed $5,000

<table>
<thead>
<tr>
<th>Type of Asset</th>
<th>Cash Value</th>
<th>Actual Yearly Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checking Account (non-interest bearing)</td>
<td>$455</td>
<td>$0</td>
</tr>
<tr>
<td>Savings Account (interest at 2.5%)</td>
<td>$6,000</td>
<td>$150</td>
</tr>
<tr>
<td>Stocks (not paying dividends this year)</td>
<td>$3,000</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$9,455</strong></td>
<td><strong>$150</strong></td>
</tr>
</tbody>
</table>

Total cash value of assets is greater than $5,000. Therefore, it is necessary to compare the actual income from assets to the imputed income from assets.

The total cash value of assets ($9,455) is multiplied by .06% to determine the imputed income from assets.

\[ .0006 \times 9,455 = 56.7 = 6 \]

$6 is less than the actual income from assets ($150).

In this case, therefore, the owner will add $150 to the annual income calculation as income from assets.

### Example – Use Actual Income from Assets When Total Net Family Assets are $5,000 or Less

<table>
<thead>
<tr>
<th>Type of Asset</th>
<th>Cash Value</th>
<th>Actual Yearly Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate of Deposit</td>
<td>$950</td>
<td>$40</td>
</tr>
<tr>
<td>$1,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>withdrawal fee $50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>interest @ 4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Savings Account</td>
<td>$500</td>
<td>$13</td>
</tr>
<tr>
<td>$500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>interest @ 2.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock</td>
<td>$300</td>
<td>$0</td>
</tr>
<tr>
<td>$300</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not paying dividends</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,750</strong></td>
<td><strong>$53</strong></td>
</tr>
</tbody>
</table>

The total cash value of the family’s assets is $1,750. Therefore, the amount that is added to annual income as income from assets is the actual income earned or $53.
TOTALING INCOME AND HOUSEHOLD CERTIFICATION & SIGNATURES

Add (E) + (K) TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES(L) = $

HOUSEHOLD CERTIFICATION & SIGNATURES

I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income and assets. I/we agree to notify the landlord immediately if there are changes to the household composition or if any member becomes a full time student during the course of this tenancy. I/we will report any changes in income or household composition that occurs between the time this form is signed and the date it takes effect.

Under penalties of perjury, I/we certify that the information presented above is true and accurate to the best of my/our knowledge and belief. I/we further understand that providing false representations (to include misleading or incomplete information) herein constitutes an act of fraud and may result in the termination of my/our lease.

Resident Signature ___________________________ Signature Date ______________

ResidentSignature ___________________________ Signature Date ______________

All household members who will be 18 or older at the effective date of the certification must sign and date the TIC
HALFWAY DONE!

So far you have:

- Identified the property, unit and household
- Recorded income data
- Had every adult household member certify page 1
Top of the page asks for the effective date and household size at certification, take this info from page one

Effective Date of Income Certification: ________________

Household Size at Certification: ________________

(YYYY-MM-DD)
PART V. DETERMINATION OF INCOME ELIGIBILITY

- Fill in total household income using total from page one of TIC
- Compare household income and size to the appropriate AMI chart found here to determine which threshold of affordability is met (should be less than or equal to regulatory restriction) and fill in restriction level (% AMI/MFI) and Current Income Limit (max income)
- Using same info, fill in 80% income limit line (80% is definition of low income)
PART V. CONTINUED

- Enter move in income for household, and household size at move in 🟡
- Enter the year of the AMI table being used. Double check effective dates to ensure you are using the correct rent and income limits. 🟡
- Review the 80% limit and current income, indicate whether household exceeds 80% limit 🟡
PART VI. RENT

- A: what the tenant pays out of pocket
- B: based on utilities tenant pays for, calculated each year ($0 if all utilities included in rent)
- C: vouchers or other rent assistance received - If rent assistance is provided, please indicate type in check boxes (Tenant / Project / Other)
- D: any other required fee, such as mandatory garage rent or required renter’s insurance

Follow directions for adding up gross rent: rent subsidy may exceed limit as long as A+B+D still meets rent limit

Note Rent Limit on Maximum Gross Rent Limit Line, and Restriction Level on Target MFI Restriction Line
SIGNATURE OF OWNER/REPRESENTATIVE

Jackie London  
Jackie London  
10/10/18

[NOTE: Calculation of Gross Rent with rental assistance does add the Utility Allowance. The subsidy payment received by the owner has reduced the tenant’s portion of rent by the allowance, but the total amount of rent established for a unit is included in the subsidy payment. There is no additional reduction of rent paid to the owner by the housing authority for utility allowances.]
DONE!

• Congrats!
• You’ve completed the tenant income certification