



Income Determination & Rent Calculation - Frequently Asked Questions

Table of Contents

Who is required to pay rent or an occupancy fee in CT BOS projects?..... 2

Rent Calculation Tools 2

 Is there a tool I can use to calculate how much the participant must pay and how much the subsidy will cover?2

Countable Income, Excluded Income & Deductions..... 2

 Whose income is countable?2

 What is counted as income?2

 Do I use gross income or net income?3

 What is excluded from income?.....3

 What income deductions are participants entitled to?4

 Who can qualify as a live-in aide?4

 How do we handle deductions for health insurance premiums from someone’s check?5

 What documentation of income and deductions is required?5

Participants who have no income or don’t provide documentation of income..... 6

 What should we do if a participant doesn’t provide documentation of income?6

 What should we do when participants report that they have no income?.....6

Redetermining income and recalculating rent..... 7

 How often are we required to redetermine income and recalculate rent?.....7

Assets and lump sum payments 7

 How do we handle assets?.....7

 How do we handle back payments from Social Security, settlements, inheritances, lottery winnings, and other types of lump sum payments?7

Utility Allowances and Reimbursements 8

 If participants are required to pay some or all of their own utilities, how does that impact the amount they must pay in rent?8

Other Special Circumstances 8

 How do we handle a benefits payment that has been reduced to recoup a previous overpayment? .8

 How do we handle checks that have been garnished for alimony or child support?9

Who is required to pay rent or an occupancy fee in CT BOS projects?

Most participants in CT BOS housing projects who have income are required to pay either rent or an occupancy fee. This includes participants in Permanent Supportive Housing (PSH), Rapid Rehousing (RRH), Youth Homelessness Demonstration Project (YHDP) RRH, and Transitional Housing. What to do when [participants have no income](#) is covered later in this document.

Participants in YHDP Crisis Housing do not pay rent or an occupancy fee. Depending on individual circumstances, participants in YHDP Diversion and Rapid Exit (YHDP Div/RE) projects may be required to pay some rent during the months that they are also getting YHDP assistance.

This document does not apply to YHDP Crisis Housing or Div/RE projects. Written standards for those project types can be found in the Connecticut Balance of State (CT BOS) Continuum of Care (CoC) Policies. On the CT BOS [Policies page](#).

Rent Calculation Tools

Is there a tool I can use to calculate how much the participant must pay and how much the subsidy will cover?

PSH, RRH, and YHDP RRH projects are required to use the applicable rent calculation tool. These tools are available here:

[PSH Rent Calculation Tool](#)

[RRH Rent Calculation Tool](#)

[YHDP Rent Calculation Tool](#)

PSH, RRH, and YHDP RRH projects are also required maintain in the participant's chart a copy of the completed rent calculation tool each time rent is re-calculated.

Countable Income, Excluded Income & Deductions

Whose income is countable?

Income calculations must include income of all members of the household as specified in the lease or occupancy agreement. See below for more information on what to [count as income](#) and what to [exclude from income](#).

What is counted as income?

The most common kinds of income that must be included in the calculation of household income are:

- Employment income of all adults, including wages, salaries, overtime, tips, commissions, and bonuses. Employment income for minors is excluded unless the minor is the emancipated head of household.
- Social Security and Veteran's Benefits
- Welfare Assistance

- Net income from a business (i.e., income after allowable business expenses)
- Payments in lieu of earnings, such as unemployment, disability compensation, worker's compensation, and severance
- Alimony and child support payments
- Regular contributions or gifts received from organizations or from persons not residing in the dwelling.

In some cases, participants may have other sources of income that must also be included in the calculation of household income. For more comprehensive guidance on less common forms of income to include and exclude when determining household income, see HUD Handbook 4350.3 Occupancy Requirements of Subsidized Multifamily Housing Programs, [Chapter Five](#).

Do I use gross income or net income?

Gross income is total income prior to any deductions. Net income is take home pay after all deductions. Always use net income when considering income generated from a business. Use gross employment income in these project types: Permanent Supportive Housing (PSH), Transitional Housing (TH), and to calculate the 65% cap on the tenant contribution in Youth Homelessness Demonstration Project (YHDP) Rapid Rehousing (RRH). Use net income for RRH that is not YHDP.

What is excluded from income?

The most common kinds of income that must be excluded in the calculation of household income are:

- Employment income for children under 18 (unless the person is an emancipated head of household);
- Employment income for full-time students 18 years or older who are a dependent to the extent that it exceeds \$480/year.
- Temporary, non-recurring or sporadic income and gifts;
- Earned income tax credits;
- Payments 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 assets such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, lottery, and settlements 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, as defined in 24 CFR 5.403;
- The full amount of student financial assistance paid directly to the student or to the educational institution; and
- Resident service stipends. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the owner, on a part-time basis, that enhances the quality of life in the project. Such services may include, but are not limited to, fire patrol,

hall monitoring, lawn maintenance, and resident initiative coordination. No resident may receive more than one such stipend during the same period of time.

In some cases, participants may have other sources of income that must also be excluded. For more comprehensive guidance on less common forms of income to include and exclude when determining household income, see HUD Handbook 4350.3 Occupancy Requirements of Subsidized Multifamily Housing Programs, [Chapter Five](#).

What income deductions are participants entitled to?

For PSH and TH, HUD requires that certain adjustments to gross income be applied when calculating a participant's rent obligation. Note that the deductions described below are not applied for Rapid Rehousing (RRH) Participants. For PSH and TH, the Housing or Services Provider must identify the adjustments that are relevant to each participant and enter all relevant, required adjustments into the applicable [Rent Calculation Worksheet](#) (PSH, RRH, or YHDP RRH only). Below are the mandatory adjustments. All adjustments must be applied on an annual basis and the amounts indicated are annual, not monthly, deductions:

- \$480 for each dependent under age 18 or full-time student, regardless of age
- \$400 for all household's that include an elderly (i.e., over age 62) or a disabled member - this deduction must be applied to every household in Permanent Supportive Housing, including CoC RA, because the household must be a 'disabled household' to qualify for PSH. Note that this deduction is applied once for the entire household regardless of the number of elderly/disabled household members.
- Reasonable child care expenses for children under age 13 if the care is necessary to enable a family member to seek employment, be gainfully employed (i.e., the deduction cannot exceed the employment income included in the rent calculation), or further his/her education.
- If the household includes an elderly or disabled member then the portion of the following that exceeds 3% of gross annual income: unreimbursed medical expenses, unreimbursed attendant and auxiliary apparatus expenses for each disabled member of the family to the extent necessary to enable any member of the family (including a disabled member) to be employed. The deduction cannot exceed the employment income included in the rent calculation. Auxiliary apparatus must be directly related to permitting a member of the family to work and might include, for example, wheelchairs, ramps, vehicle adaptations, equipment to enable a visually impaired person to read or type.

Who can qualify as a live-in aide?

A live-in aide is person who resides with one or more elderly persons, near-elderly persons, or persons with disabilities, and who:

- i. Is determined to be essential to the care and well-being of those persons;
- ii. Is not obligated for the support of those persons; and
- iii. Would not be living in the unit except to provide the necessary supportive services.

A live-in aide can never be a spouse or dependent. As described in the section on [income exclusions](#), the income of a live-in aide is not counted when determining household income and calculating rent.

How do we handle deductions for health insurance premiums from someone's check?

When determining a participant household's income, use the gross amount before deductions for health insurance premiums, including Medicare. Health insurance premiums that are paid by the participant household are medical expenses and should be included when determining the deduction for unreimbursed medical expenses described in the [income deductions](#) section above.

What documentation of income and deductions is required?

Income from benefits must be documented by a form or letter issued by the agency providing the benefits, such as the Social Security Administration or CT Department of Social Services. On-the-books employment income must be documented by paycheck stubs or similar documentation, and the Housing or Service Provider should obtain pay stubs covering at least four weeks of pay. If household members have recent employment without the minimum number of pay stubs, the Housing or Service Provider can estimate the probable income. Allowable methods for estimating income are described in the [PSH Requirements and Operations Guide](#) and the [RRH Operations Guide](#).

The verification process must also document supplemental income such as bonuses, commissions, and overtime pay. Off-the-books employment income must also be reported and documented by the relevant third party or, to the extent third party documentation is not available, written certification by the program participant.

It is the responsibility of the Housing or Service Provider to ensure that current documentation of annual income, including countable assets and of all applied income deductions is maintained in participant files in accordance with HUD requirements (24 CFR 578.103). For each program participant, the Housing or Service Provider must keep the following documentation of income for each initial, annual and interim income determination:

- i. Applicable [Rent Calculation Worksheet](#) (PSH, RRH, or YHDP RRH only); and
- ii. Third party documentation of all adjustments indicated in the rent calculation worksheet (e.g., childcare, unreimbursed medical expenses, verification of full-time student status); and
- iii. Source documents (e.g., most recent wage statement, unemployment compensation statement, public benefits statement, bank statement) for the assets held by the program participant and income received before the date of the evaluation;
- iv. To the extent that source documents are unobtainable, a written statement by the relevant third party (e.g., employer, government benefits administrator) or the written

certification by the Housing Provider or Service Provider intake staff of the oral verification by the relevant third party of the income the program participant received over the most recent period; or

- v. To the extent that source documents and third-party verification are unobtainable, the written certification by the program participant of the amount of income that the program participant is reasonably expected to receive over the 3-month period following the evaluation.

Participants who have no income or don't provide documentation of income

What should we do if a participant doesn't provide documentation of income?

It is the head of the participant household's responsibility to provide adequate income documentation at initial project intake and at each [recertification](#), with the assistance of the Housing Provider and/or Service Provider, as needed. It is the responsibility of the Housing or Service Provider to ensure that the required level of assistance is available. In some cases, a reasonable accommodation may be necessary to adjust the process by which the documentation is obtained; however, the documentation must be obtained for all participants regardless of disability or other barriers. See [Policies and Administrative Requirements](#) webinar for more information on reasonable accommodations. Housing/Service providers should make and document multiple attempts to provide the level of assistance needed. Prior to temporarily suspending rent payment or terminating CoC project assistance due to participant refusal to provide required documentation of income, Housing or Service Providers should follow the protocols for terminating assistance described in the applicable Operations Guide (i.e., [PSH Requirements and Operations Guide](#) and the [RRH Operations Guide](#)).

What should we do when participants report that they have no income?

In some cases, participants may report zero household income. At each initial certification and re-certification Housing or Service Providers must require each adult household member reporting zero income to certify that they have no income (for RRH see Zero Income Affidavit [Form #15](#); for PSH see [No Income Verification](#)).

While Case Management Providers are not required to investigate such claims, staff should be aware of any obvious signs of fraud. If readily available information raises doubts about the validity of the claim, the Housing or Service Provider should suspend processing of financial assistance and seek guidance as follows:

- for RRH projects, contact the relevant DOH contract manager
- for DMHAS CoC Rental Assistance projects, contact the DMHAS Housing and Homeless Services Unit
- for all other projects, escalate the issue per your agency's internal protocols.

Redetermining income and recalculating rent

How often are we required to redetermine income and recalculate rent?

PSH and TH projects are required to redetermine income and recalculate the subsidy and participant portions of rent/occupancy fee at a minimum annually. In addition, income must be redetermined and rent recalculated whenever a participant household reports a gross monthly income **increase or decrease**. For PSH this is required specifically for income increases and decreases of \$40 or more per month.

RRH projects are required to redetermine income and recalculate the subsidy and participant portions of rent at a minimum every 90 days. In addition, income must be redetermined and rent recalculated whenever a participant household reports a gross monthly income decrease of \$40 or more.

Projects should also recalculate rent when a lessor income decrease would result in a rent reduction that would be meaningful for the participant.

Assets and lump sum payments

How do we handle assets?

Though uncommon in CoC projects, there may be times when participants have things, which HUD considers assets. HUD defines assets as items of value that may be turned into cash, and examples include: cash; a savings, checking, or retirement account; a certificate of deposit (CD); equity in real estate; and stock. HUD does not consider necessary personal property to be an asset. For example, clothing, furniture, cars, or a wedding ring are not considered assets. HUD also does not consider things that are not accessible and provide no income to the participant to be an asset. For example, if a domestic violence survivor jointly owns a home with an abuser, and, due to domestic violence, receives no income from that home and cannot convert that home to cash, then it is not considered an asset.

Up to \$5000 in assets has no impact on tenant rent and can be disregarded when determining income. For households with more than \$5000 in assets, you must calculate the income that can be derived from the assets based on a passbook savings rate of .6%. For example, you would calculate income from a savings account with \$50,000 as follows: $50000 \times .006 = 300$. In this example, you would include \$300 in income from the asset when determining annual income.

For non-cash assets, you must first determine the cash value of the asset, which is the market value, then subtract reasonable expenses that would be incurred in selling or converting the asset to cash. For example, you would deduct penalties for premature withdrawal, broker fees, legal fees, and settlement costs.

For more information about how to calculate income from assets, see HUD Handbook 4350.3 Occupancy Requirements of Subsidized Multifamily Housing Programs, [Chapter Five](#).

How do we handle back payments from Social Security, settlements, inheritances, lottery winnings, and other types of lump sum payments?

Generally, lump sum amounts received by a household are considered assets not income. When social security or SSI income is paid in a lump sum that amount is excluded from annual income. For more

information see HUD Handbook 4350.3 Occupancy Requirements of Subsidized Multifamily Housing Programs, [Chapter Five](#)

Utility Allowances and Reimbursements

If participants are required to pay some or all of their own utilities, how does that impact the amount they must pay in rent?

As required by HUD, CoC projects must include any applicable utility allowance when calculating rent contributions for program participants who are responsible for paying their own utilities. For the purpose of calculating participant rent contributions, “utilities” exclude telephone but include gas, oil, electric, sewage, water, and trash removal. The Housing or Service Provider must obtain a utility allowance schedule from the State of CT Department of Housing or local Public Housing Authority. Utility allowance schedules are updated and must be obtained annually.

Utility allowances must be entered into the applicable [Rent Calculation Worksheet](#) applying an allowance for each type of utility that the participant is responsible for paying in accordance with the lease. The Provider must not apply an allowance for any type of utility that is included in the rent/paid by the landlord. The Provider is responsible for ensuring that application of utility allowance amounts in the Rent Calculation Tool is aligned with the types of utilities specified in the most current lease as the responsibility of the participant.

In some cases, where the sum of all applicable utility allowances exceeds the participant’s required contribution, the project must provide a utility reimbursement payment to the utility company or directly to the client. CoC project utility reimbursements shall be paid in one of the following ways:

- A. payment to the program participant directly; or
- B. payment to the utility company on behalf of the program participant. The Provider must document that they have the participant’s permission to make payment to the utility company and must notify the participant in writing of the amount paid. If the participant declines to provide such permission, the project must make the payment using option A.

Other Special Circumstances

How do we handle a benefits payment that has been reduced to recoup a previous overpayment?

If the Social Security Administration or another agency is reducing a participant’s benefit amount to adjust for a prior overpayment, count the amount that is actually provided to the participant after the adjustment.

How do we handle checks that have been garnished for alimony or child support?

HUD does not allow deductions for alimony or child support paid to a person outside of the CoC participant household. Even if the amount is garnished from the wages of a CoC participant household member, that amount must be included when determining annual income. For example, if a participant pays \$200 per month in child support, and that amount is garnished from monthly wages of \$1000, the balance would be \$800 per month, but you must count the entire \$1000 when determining income.