



Department of
CITY PLANNING

Inclusionary Zoning (IZ) and Public Subsidy Ordinance (PSO)

Compliance Guide

January 2022

Introduction

The purpose of this compliance guide is to provide your organization with clear guidelines on acceptable income calculation methodologies to satisfy the City of Atlanta's requirements for workforce housing.

During the leasing and annual audit of development subject to workforce housing requirements, partial and/or complete tenant files may be requested and reviewed by the Department of City Planning's Office of Housing and Community Development (OHCD).

Units whose tenant files do not meet the standards for income verification set out in this manual will be given an opportunity to collect and perform the required verification. In the event a unit is non-compliant, the next replacement unit rule, as outlined in the applicable project Land Use Restriction Agreement (LURA), will be enforced.

For questions regarding the program, applicable requirements, and income calculation methodology, contact the Office of Housing and Community Development:

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Required Documents

The list below is meant as a guide and is non-exhaustive. Where a household has multiple income sources, e.g., a member has two W2 jobs and is enrolled in school part time, the household must provide documentation for all applicable income sources and enrollments. A household must provide documentation for all income sources listed on the application, even if the income source or document type is not listed below.

Document Type / Income	W2 Employment	Independent Contractor (1099 Form)	Student (Part-Time ONLY)*	Government Assisted
Tax Returns	Last 2 Years	Last 3 Years	Last 2 Years	Last 2 Years
W2s	Last 2 Years	If Applicable	If Applicable	If Applicable
Bank Statements	Last 6 Months (All Accounts)	Last 6 Months (All Accounts)	Last 6 Months (All Accounts)	Last 6 Months (All Accounts)
Military Income	Most Recent Statement	Most Recent Statement	Most Recent Statement	Most Recent Statement
SSI/ SS	Current Award Letter	Current Award Letter	Current Award Letter	Current Award Letter
Proof of Dependent	Birth Certificate and Custody Agreement (If Applicable)	Birth Certificate and Custody Agreement (If Applicable)	Birth Certificate and Custody Agreement (If Applicable)	Birth Certificate and Custody Agreement (If Applicable)
Foster Care Payments	Most Recent Award Letter	Most Recent Award Letter	Most Recent Award Letter	Most Recent Award Letter
Student Status	n/a	n/a	Schedule for Current Semester and Transcript	n/a
IRA Withdrawal	Current Account Statement/ 1099-R Form	Current Account Statement/ 1099-R Form	Current Account Statement/ 1099-R Form	Current Account Statement/ 1099-R Form
TANF	Current Award Letter	Current Award Letter	Current Award Letter	Current Award Letter
Child Support	Last 3 Months Payment Printout	Last 3 Months Payment Printout	Last 3 Months Payment Printout	Last 3 Months Payment Printout
Pay Stubs	Last 2 Months Check Stubs (2	Last 2 Months Check Stubs (2	Last 2 Months Check Stubs (2	Last 2 Months Check Stubs (2

	Monthly and 4 Bi-Weekly)	Monthly and 4 Bi-Weekly)	Monthly and 4 Bi-Weekly)	Monthly and 4 Bi-Weekly)
Alimony	Divorce Decree	Divorce Decree	Divorce Decree	Divorce Decree

* A household composed of full-time students, defined as a student who is enrolled in an educational institution for 5 non-consecutive months in the calendar year with a course load defined as full-time by the institution, is not eligible for workforce housing under any City of Atlanta programs.

Section One: Calculating Annual Income

1.1 Determine the Household Size and Applicable Income Limit

- A. Review the number of household members listed in the application who will occupy the unit, include unborn household members.
- B. Cross-reference the household size with the income limits in the chart published annually by the Department of City Planning's Office of Housing and Community Development (OHCD) and may be viewed on the website or by contacting the program manager, listed above. Use the income limits in effect as of the effective date of the TIC.
- C. Determine if the unit is a for-sale or rental unit.

1.2 Determine the Household Total Gross Income

- A. Income must be calculated for each individual member of the household who receives income regardless of age or employment.

1.3 Know the Income Limit(s) for Your Property

- A. To certify a household eligible for your workforce housing unit, compare their gross annual income to the income limit for your property. Please make sure that all calculations are based on the gross annual income and not an adjusted amount.
- B. The income limit for your property is published annually by the Department of City Planning's Office of Housing and Community Development (OHCD) and may be viewed on the website or by contacting the program manager, listed above.
- C. Your project may have committed to more than one set aside. Compare an applicant's gross annual income to the income limit that applies to the unit they will occupy.
- D. As a courtesy the City of Atlanta's Department of City Planning posts the current income limits on its website. However, it is the owner's responsibility to use the correct income limit to determine a household eligible for their workforce housing unit. Use the income limits in effect as of the effective date of the TIC.

1.4 How to Calculate Gross Annual Income

- A. A property manager must compare an applicant's gross annual income to the applicable income limit to determine their eligibility for your workforce housing unit. Unlike other affordable housing programs, property managers will not utilize a resident's adjusted income to determine the amount of rent they must pay. As previously stated, for workforce housing the gross annual income is used in conjunction with the applicable income limit to determine eligibility.

- B. Annualize a household's projected **gross** income before comparing it to the income limit. To arrive at an annual amount:
1. Use verified sources of income to calculate the annual income.
 2. Multiply a verified quarterly income by 4 quarters.
 3. Multiply a verified monthly income by 12 months.
 4. Multiply a verified bi-weekly income by 26 pay periods.
 5. Multiply a verified semi-monthly income by 24 pay periods.
 6. Multiply a verified weekly income by 52 weeks.
 7. For a seasonal worker, project how much they will work in the year following the effective date of their income certification. Their income may vary during the 12-month period.
 8. For a person with an irregular schedule (e.g., someone working for a temporary employment agency or some home health aides), whose income varies week to week, multiply their highest weekly amount by 52 weeks.

Sample Income Calculations

The New York school system reports a teacher receives a gross annual salary of \$60,000.
Include \$60,000 as annual income.

A resident's award letter says they receive \$900 per month gross disability benefits. Include \$10,800
($\$900 \times 12$ months) as annual income.

A resident earns \$1,500 every two weeks. Include \$39,000
($\$1,500 \times 26$ pay periods) as annual income.

An employer verifies an applicant earns \$1,700 on the 1st & 15th of every month. Include \$40,800 ($\$1,700 \times 24$ pay periods)
as annual income.

A resident earns \$300 per week for baby-sitting for her neighbor's son.
Include \$15,600 ($\300×52 weeks) as annual income.

An employer verifies that a resident works 40 weeks per year and earns \$800 per week.
Include \$32,000 ($\800×40 weeks)
as annual income.

Sample Income Calculations

A construction laborer earns \$2,000 per month for 8 months of the year and \$1,000 during each of the other 4 months.

Include \$20,000 $((\$2,000 \times 8 \text{ months}) + (\$1,000 \times 4 \text{ months}))$ as annual income.

An administrative assistant earns between \$18 and \$20 per hour and works between 14 and 16 hours per week through an employment agency. Include \$16,640 $(\$20 \times 16 \text{ hours} \times 52 \text{ weeks})$ as annual income.

A nurse's assistant is receiving \$250 per week in temporary disability benefits. In 6 weeks, she will return to work and earn \$600 per week. Include \$29,100 $((\$250 \times 6 \text{ weeks}) + (\$600 \times 46 \text{ weeks}))$ as annual income.

- C. You must anticipate the income changes a household will experience during the 12 months following an income certification. For example, when an employer certifies that an applicant's income will increase \$1 per hour in four months, calculate their annual income by projecting their current salary for 4 months, and factor in the \$1 per hour increase for the other 8 months.
- D. Include the earned income of the head of household, co-head of household, spouse and all household members who are 18 years old or older. If an emancipated minor is the head of household, co-head of household or spouse, include their earned income.

Earned Income of Adults

The 20-year-old son of the head of household earns \$24,000 per year. He does not go to school. Include \$24,000 as annual income.

Include the \$18,000 a 17-year-old spouse earns as annual income.

Do not include the \$18,000 the 17-year-old nephew of the head of household earns, even though he is an emancipated minor.

- E. A dependent is a person who is under 18 years old or is disabled or is a full-time student. The head of household, spouse, foster child, or live-in aide are never dependents. Use the following rules to calculate the income of dependents.
 - 1. Include the earned income of household members who are 18 years old and older, including foster adults. Exclude the earned income of a minor unless they are the head of household, co-head of household or spouse.
 - 2. Include the unearned income of minors from such sources as, Social Security, SSI, Trust Account, and Savings Account Interest.

- a. Exclude foster care payments received for foster children or foster adults and anything more than \$480 received for adoption assistance payments
3. Regarding the earned income of a full-time student:
- a. For a minor, do not include their earned income unless they are the head of household, co-head of household or spouse.
 - b. For an adult who is not the head of household, co-head of household or spouse, include only the first \$480 they earn per year.
 - c. For an adult who is the head of household, co-head of household or spouse, include all of their earned income.
4. Exclude monthly foster care payments received for the care of a foster child or adult.
5. Include the first \$480 a household receives as assistance for an adopted child.
- F. Include the following sources when calculating a household's annual income.
- 1. **Earned Income:** The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services.
 - 2. **Other Income:** Annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of income.
 - 3. **Periodic Support Payments:** Alimony and child support payments, regular contributions received from organizations or from persons outside the household.
 - 4. **Military Payments:** All regular pay, special pay and allowances received by a member of the armed forces.
- G. Include the income generated by an asset owned by a household member.
- H. Include the welfare assistance a household member receives under Temporary Assistance for Needy Families (TANF).
- I. For self-employed persons, include as income the net amount they generate from their business. Net income equals the gross revenue generated by the business minus the business expenses except expenses for business expansion or depreciation. In Exhibit 2-A, you will find *Best Practices for Documenting Income for the Self-Employed*.
- J. All forms of student financial assistance, no matter how it is used, are excluded from annual income for a workforce housing resident.

- K. Include the income of a temporarily absent person if the resident elects to include them in their household. Examples of a temporarily absent person include someone in a medical facility or working away from home on a temporary basis.
- L. Include the income of a person permanently confined to a medical facility if the resident elects to include them in their household. Examples include a frail spouse confined to a nursing home or a disabled child confined to an institution.
- M. For a person on active military duty, exclude an adult child on active military duty (and their income) from the household and your calculations.
 - 1. Include the head of household, co-head of household or spouse in the household and your calculations.
- N. Include the full amount of court-ordered alimony or child support unless the applicant certifies they are not receiving it, and they have taken reasonable legal steps to collect the amount due.
 - 1. Include the alimony or child support a person receives that is not court ordered.

1.5 How to Calculate Income from Assets

- A. A person can own assets and still qualify for the tax credit program. However, you need to calculate the value of a household's assets to implement the **\$5,000 Rule**. The cash value of an asset is the amount of cash the household would receive *if* they liquidated or sold the asset for cash.
 - 1. To calculate the cash value of an asset, subtract from the asset's market value the costs the person would pay if they elected to liquidate the asset.

Cash Value of an Asset Calculation

Resident has \$4,000 in a certificate of deposit that has a 5% premature withdrawal fee.
The cash value of the CD is \$3,800 ($\$4,000 - 5\%$).

Applicant has stock worth \$6,000. They would pay a broker 4% of the market value if they sold the stock.
The cash value of the stock is \$5,760 ($\$6,000 - 4\%$).

- 2. To calculate the cash value of a piece of real estate, subtract from its market value the principal balance of any mortgage(s) secured by the property, and the estimated closing costs the household would pay if they sold it.
 - a. Use the market value on the most recent property tax bill as the asset's market value.

- b. Include assets, including current balance in a savings account, average 6-month balance for a checking account, cash value of a revocable trust, equity in real property, cash value of a certificate of deposit, money market, and cash value of IRA accounts.
 - c. Inheritances, lottery winnings, capital gains, insurance settlements, and other lump sum amounts if the person puts the lump sum into an asset;
- B. Calculate the income each asset will generate for the household in the 12 months following the effective date of the income certification.

Interest Income Calculations

\$2,000 savings account carries 3.5% interest rate.
 $\$2,000 \times 3.5\% = \70 is the actual income from the account

\$770 non-interest-bearing checking account
Actual income from the account is \$0

Certificate of deposit with \$6,500 carries 4.5% interest rate
 $\$6,500 \times 4.5\% = \292.50 is the actual income from the CD

1. Payments received from a trust.

Payments from a Trust

A disabled person receives \$400 per month from a special needs trust. Include \$4,800
(\$400 x 12 months) as annual income.

The trust is not counted as an asset if the
disabled person has no access to the principal in the fund.

2. Earnings from renting real estate or land.

Income from Real Estate

Resident owns a house and receives \$1,000 per month in rent.
They pay \$800 per month in operating expenses for the house

Include \$2,400 (($\$1,000 - \800) x 12 months) as
income from the house.

3. Interest generated by personal retirement accounts or company sponsored pension, dividends from whole life or universal insurance, dividends from stocks, and bonds.

Income from Assets Calculations

Applicant has a universal insurance policy with annual dividends of \$650.
Include \$650 as income from the insurance fund.

Resident has \$100 shares of stock.
Each share generated a dividend of \$1.50 on the most recent quarterly statement.
Include \$600 (100 x \$1.50 x 4) as income from the stock.

4. Interest payments received on a mortgage held by a household member.

Interest from a Mortgage

Resident receives mortgage payments from the person who bought their house of \$1,000 per month. \$600 of the \$1,000 is interest on the mortgage.
Include \$7,200 (600×12 months) as income from the mortgage.

5. Regular, periodic payments received from an annuity.

Annuities

A resident receives \$100 per month from her annuity. Include \$1,200 (100×12 months) as regular annual income. Do not count an annuity as an asset once a resident begins to receive regular periodic payments from the annuity.

Another resident has \$10,000 in an annuity. They would pay a 5% penalty to liquidate the annuity. The insurance company is committed to paying interest on the annuity at 4% per year. The current cash value of the annuity is \$9,500 ($10,000 - 5\%$.) The income from annuity is \$400 ($10,000 \times 4\%$)

- C. You must follow the **\$5,000 Rule** to know the income from assets you include in a household's annual income.
 1. When the total cash value of a household's assets is \$5,000 or less, include the actual income the assets will generate in the year following the effective date of the income certification.
 2. When the total cash value of a household's assets is more than \$5,000, include *the greater of*:
 - a. The total actual income the assets will generate in the 12-month period; or
 - b. The imputed income from their assets calculated by multiplying the total cash value of their assets by the current passbook savings rate as established by HUD. At the time of publication of this manual, the current passbook savings rate is .06%. It is your responsibility to use the correct HUD passbook rate as it changes over time.

Total Income from Assets Calculations

Total Cash Value of Assets = \$4,500
Actual Income from Assets = \$120
Includes \$120 as Income from Assets

Total Cash Value of Assets = \$5,500
Actual Income from Assets = \$120
 $\$5,500 \times .06\% = \3.30
Includes \$120 as Income from Assets

Total Cash Value of Assets = \$6,800
Actual Income from Assets = \$2
 $\$6,800 \times .06\% = \4.08
Includes \$4.08 as Income from Assets

1.6 Do This!

- A. Watch for changes in the rules for how to calculate annual income from HUD, the IRS and OHCD. You are responsible for remaining current as the rules change.
- B. Include a source of income in your calculations unless HUD tells you to exclude it.
- C. When the total cash value of a household's assets is more than \$5,000, include as income the greater of the imputed income or actual income generated by a resident's assets.
- D. Exclude all forms of student financial assistance for a workforce housing resident.
- E. When calculating annual income, either calculate the numbers to the penny or round up to the nearest whole dollar. For example, if a household's annual income is \$23,495.42, put either \$23,495.42 or \$23,495 on their tenant income certification.

1.7 Don't Do This!

- A. Allow a household to occupy your workforce housing unit until you know their gross annual income is not more than the applicable income limit.
- B. Include the value of a resident's food stamps in their annual income.
- C. Include more than \$480 a full-time student earns unless they are the head of household, co-head of household or spouse.
- D. Include the income earned by a live-in aide.

E. Include the cash value of a resident's assets in their annual income.

Exhibit 1-A Guidance on Determining Income from Assets

This document provides summary guidance on how to determine income from various assets to supplement the guidance provided in Chapter 6 of this manual. For specific instruction and guidance on determining income from assets, refer to Chapter 5 of the HUD 4350.3, Rev 1, Change 4 handbook.

1. Checking Account

Count as Asset	Count as Income
Use the 6-month average balance	Any actual interest earned

2. Savings & Certificates of Deposit (CD's) Accounts

Count as Asset	Count as Income
Use the current balance	Any actual interest earned

3. Savings Bonds

Count as Asset	Count as Income
Value of the bonds	Value of the bonds x the interest rate for the individual bonds

Note: Obtain & keep in the tenant file a complete list of the tenants' individual savings bonds for verification to accurately determine income from assets.

4. Insurance Policies

Count as Asset	Count as Income
<p>The cash value of life insurance policies available to the individual before death (known as the "surrender value" of Whole or Universal Life policies.</p> <p>Do not include term life insurance policies (there is no cash value.)</p>	<p>The full amount of periodic payments received from insurance policies</p> <p>Exception: Long-term care (or nursing home insurance) insurance payments in excess of \$180/day must be counted toward the gross annual income</p>

5. Retirement Accounts

Count as Asset	Count as Income
<p>Balances held in retirement accounts are counted as assets if the money is accessible to the family. For individuals still employed, accessible amounts are counted even if withdrawal would result in a penalty. However, amounts that would be accessible only if the person retired are not counted. (Do not count withdrawals as income.)</p> <p>IRA, Keogh, and similar retirement savings accounts are counted as assets, even though withdrawal would result in a penalty.</p> <p>Include contributions to company retirement/pension funds:</p> <ol style="list-style-type: none"> 1. While an individual is employed, count only the amounts the family can withdraw without retiring or terminating employment. 2. After retiring or terminating employment, count as an asset any amount the employee elects to receive as a lump sum. 	<p>Any retirement benefits received through periodic payments. Count the higher of the Required Minimum Distribution (RMD) or the periodic payments as other income.</p> <p>Do <u>not</u> count the remaining balance as an asset.</p>

Exhibit 1-A Guidance on Determining Income from Assets

6. Annuities

Count as Asset	Count as Income
All benefits received as periodic payments. Do not count the remaining balance as an asset. (Usually when the holder has begun receiving annuity payments, the holder can no longer convert it to a lump sum of cash.)	When an applicant or tenant has the option of withdrawing the balance in an annuity, the annuity will be treated like any other asset. The cash value of an annuity must be calculated regardless of the total net assets. Deduct any penalties, surrender fees and tax penalties to determine the "Cash Value" of the asset for imputing purposes. Do not deduct penalties from the asset amount when calculating "Actual Anticipated Asset Income." A lump sum receipt is counted as an asset.

7. Trust Accounts if the Household Member Is the Grantor

7A. Revocable Trusts

Count as Asset	Count as Income
Cash value of the trust (the amount the family member would receive if they withdrew all that could be withdrawn)	Actual income received

Note: In a revocable trust, the grantor of the trust has the right to withdraw the funds and could amend the terms or revoke the trust account.

7B. Nonrevocable (Irrevocable) Trusts

Note: In a nonrevocable trust, the grantor of the trust cannot withdraw the funds and gives up any right to amend the terms or revoke the trust account. If no household member has access to either the principal or income of the trust, the trust is not included. If only the interest from the trust is available to a household member, the interest is included in annual income, but the balance in the trust account is not included as an asset. If a tenant sets up a nonrevocable trust for the benefit of another person while residing in assisted housing, the trust is considered an asset disposed of for less than fair market value.

8. Trust Accounts if the Household Member is the Beneficiary

Count as Asset	Count as Income
If the beneficiary receives the full value of a trust at one time, the funds would be considered a <u>lump sum receipt</u> and are treated as an asset.	If the beneficiary receives interest and/or principle from the trust on a <u>periodic</u> basis, the payment are treated as annual income.

9. Income from Real Estate

Count as Asset	Count as Income
Market Value (True & Full Value on Tax Statement) less Amount Owed (Loan Balance), less Selling Costs (10%) = Cash Value	Rental Income less Expenses (taxes, water, etc. paid by the owner)

General Reminders:

1. Deduct penalties from the asset amount to determine the "Cash Value" of the asset for imputing purposes.
2. Do not deduct penalties from the asset amount when calculating the "Actual Asset Income."
3. Funeral or Burial Accounts are included as assets if the tenant has the ability to withdraw the principal.
4. [Savings Bond Calculator](http://www.treasurydirect.gov/BC/SBCPrice) can be found at <http://www.treasurydirect.gov/BC/SBCPrice>.

Section Two: Completing the Initial Certification

2.1 How to Verify Income and Other Characteristics

- A. You must verify income and other household characteristics using information from a third party. Document in the file if a third party will not respond to your requests for information and review documentation provided by household; or if there is no third party available to document the information you need to complete the certification.
- B. Sending all requests for information directly to the third party and maintain documentation to confirm it came from a valid source.
- C. You are not required to request information from a third party if they charge for the service.
- D. When using pay stubs to calculate annual income, you may either average the gross earnings on the pay stubs.
- E. You may accept a notarized affidavit from a household only when you are unable to get information from a third party and there is no acceptable documentation the household can provide.
 - 1. A notary that is a member of the management staff may notarize an affidavit. Do not charge for the notary service.
 - 2. Examples of when a household member may sign a self-affidavit include when:
 - a. They have no income;
 - b. They receive child support or alimony not ordered by a court of law;
 - c. Households with assets totaling no more than \$5,000 may self-certify the income from their assets.

2.2 Documenting Social Security and Public Assistance

You do not need to request information from the Social Security Administration (SSA) or the New York Department of Human Services.

- A. For Social Security and SSI Disability Benefits
 - 1. Make a copy of the benefit award letter from the previous December, even if it is more than 120 days old.
 - 2. In October, the SSA announces the cost-of-living allowance (COLA) by which they will increase benefits on January 1. Apply the COLA to the benefit amount on the award letter

from the previous December when completing an income certification before the beneficiary receives their new award letter.

Sample Social Security Calculations

Gross monthly benefit on award letter = \$800
SSA announces a COLA of 3%
 $\$800 \times 1.03\% = \824

Gross monthly benefit as of January 1 = \$824

- B. For PA, make a copy of the most recent benefit award letter. In Exhibit 2-B you will find a sample PA benefit award statement. Use the figure for Total Needs minus the Recoupment Amount to calculate annual income. On this statement, Total Needs is \$571.00, and the Recoupment is \$39.45. $\$571.00 - \$39.45 = \$531.55 \times 24 \text{ pay periods} = \$12,757.20$.

2.3 Completing a Tenant Income Certification (TIC)

Follow these rules when completing a tenant income certification.

- A. The effective date of the TIC for a new resident is the day they occupy their unit, which will also be the date listed as the move-in date on the TIC.
- B. All adult household members must sign the certification on or before its effective date.
- C. For a resident in place at the time of acquisition, the effective date for their TIC:
 - 1. Is the date of acquisition if you complete it within 120 days using the resident's income and income limit as of acquisition; or
 - 2. Is the date the last adult household member signs the TIC if you complete it more than 120 days after acquisition.
- D. On its effective date, information supporting a TIC may not be more than 120 days old.
- E. You do not need to consider the date on the following documents because it is irrelevant to completing the certification: Social security cards; birth certificates; and state identification cards.

2.4 Lease Requirements

- A. There is no model lease for the workforce housing program. Your initial lease with a workforce housing resident must last at least 12 months. Lease renewals must be signed annually and included in the resident's file.
- B. For residents in place when workforce housing is placed in service:
 - 1. If they occupied their unit under a lease lasting at least 6 months, you are not required to sign another 6-month lease.
 - 2. Comply with your LURA leasing requirements.
- C. All household members must be listed on the lease because the household size is important for determining eligibility in the workforce housing program.
- D. The lease must list the utilities that will be the responsibility of the owner, and those that are the responsibility of the resident. In addition, the lease must document the initial fees that the applicant has or will be required to pay.
- E. The lease must include a strong prohibition against the resident subletting the unit to persons not approved by management, as workforce housing regulations require that only individuals approved for the program occupy a subsidized unit.
- F. The lease must state that if in the future all family members are full-time students and the family does not qualify for an exception, the household will be ineligible for the program and will have to vacate the workforce housing unit.
- G. Sometimes a resident begins to receive rental subsidy months or even years after moving into a workforce housing unit. To comply with the requirements of the subsidy program, you may need to sign a lease that begins the month the resident starts to receive rental assistance. Even if the resident has lived in your workforce housing unit for less than 6 months, you may void the old lease and sign a new lease with the resident, if necessary, to comply with the rental subsidy program and still be in compliance with the workforce housing program. Owners should confer with legal counsel on their lease requirements and regarding any legal ramifications associated with modifying or voiding a lease.

2.5 Do This!

- A. Require all household members to sign and date the relevant verification forms before you process their application and allow them to occupy your unit.

2.6 Don't Do This!

- A. Let a household move in until all adult household members have signed and dated the TIC.

- B. Assume someone is eligible for your workforce housing unit without verifying their income and student status.
- C. Sign a lease that does not meet your workforce housing requirements.

Exhibit 2-A
Best Practices for Documenting Income for
Self-Employed Persons

An owner may use any of the following practices to document the income of a self-employed person.

- Accept a copy of the person's most recent federal income tax return.
 - Do not accept a tax return for a year earlier than the latest year for which tax returns were required by the federal government.
 - Make a copy of their IRS Form 1040 plus their Schedule C
 - Their income earned through self-employment is on Line 12 on their Form 1040, Line 31 on their Schedule C or on Line 3 on their Schedule C-EZ.
 - If their tax return shows they generated a loss from their business, list their income from self-employment as \$0.
- Accept a copy of the person's most recent state income tax return.
 - Do not accept a tax return for a year earlier than the latest year for which tax returns were required by the state government.
 - Use information from a state tax return comparable to the information used from a federal tax return.
- Allow the person to annualize their income for the current year based on the income they have generated year-to-date.
 - Ask a self-employed person to complete an IRS Schedule C based on their current year
 - You may ask a self-employed person to provide documentation of the information they provided on the Schedule C.
 - Supporting documentation for a Schedule C include contracts, leases, bank statements, receipts, credit card statements and certifications provided by clients of the self-employed person.
- Ask the person to sign IRS Form 8821, authorizing the receipt and inspection of the tenant's income tax forms, allowing the owner to verify their reported income with the IRS.

Exhibit 2-B Sample Public Assistance Benefit Award Statement

		SEMI-MONTHLY PUBLIC ASSISTANCE BUDGET CALCULATION		REPORT DATE: //	
		LOCAL OFFICE: 070	WORKER: 00010	CASE NAME:	PAGE: 1
		SUFFIX: 01	NUMBER IN PA HOUSEHOLD: 3		NUMBER IN PA SUFFIX: 3
	<u>NEEDS</u>			<u>EARNED INCOME</u>	
STR		<u>185% TEST & POVERTY LEVEL TEST AMOUNT</u>	<u>D. GROSS</u>	<u>.00</u>	
PRE ADDED ALLOWANCE		168.00		<u>ACTUAL</u>	<u>ALLOWED</u>
SHELTER		200.00	STANDARD DEDUCTION	.00	.00
ENERGY		15.00	52% DEDUCTION	.00	.00
ENERGY SUPPLEMENT		11.50	CHILD CARE	.00	.00
WATER		.00	\$15 EXEMPTION	.00	.00
FUEL		.00	1/3 EXEMPTION	.00	.00
PREGNANCY ALLOWANCE		.00	OTHER DEDUCTIONS (INCLUDES PRORATA REDUCTION AMT)	.00	.00
HOME DELIVERED MEALS		.00	E. TOTAL DEDUCTIONS		.00
RESTAURANT ALLOWANCE		.00	F. NET EARNED INCOME		.00
OTHER NEEDS		.00		<u>UNEARNED INCOME</u>	
TOTAL NEEDS FOR 185% TEST		394.50	<u>SOURCE</u>		<u>AMOUNT</u>
185% X TOTAL NEEDS	729.83				.00
TOTAL EARNED + UNEARNED FOR 185% TEST					.00
POVERTY LEVEL TEST	865.84				.00
TOTAL INCOME FOR POVERTY LEVEL TEST					.00
NEEDS REDUCTION DUE TO IVD SANCTION		.00	G. TOTAL UNEARNED INCOME		.00
TOTAL NEEDS FOR NET INCOME TEST		394.50	UNEARNED INCOME DEDUCTION (INCLUDES PRORATA REDUCTION AMT)		.00
NEEDS REDUCTION DUE TO PRORATA SANCTION		.00	H. NET UNEARNED INCOME		.00
TOTAL NEEDS FOR BUDGET DEFICIT CALCULATION		571.00	I. TOTAL INCOME (F + H)		.00
OTHER ALLOWANCES:			C. TOTAL NEEDS	<u>PA GRANT CALCULATION</u>	571.00
REFRIGERATOR RENTAL ALLOWANCE		.00	I. TOTAL INCOME		.00
			J. BUDGET DEFICIT		571.00
			: RECOUPMENT AMOUNT		39.45
			: SEMI-MONTHLY PA GRANT		531.55

ESTE REPORTE SERA TAMBIEN DISPONIBLE EN ESPANOL
BUDGET NUMBER: (BASIS)

NOTE: AMOUNTS SHOWN IN ITEMS (A) AND (J) ABOVE HAVE BEEN ROUNDED DOWN.